

WESTERN POWER DISTRIBUTION HOLDING COMPANY LIMITED
(formerly PPL WPD INVESTMENTS LIMITED)

INTERIM CONDENSED FINANCIAL STATEMENTS
(Unaudited)

For the six months ended 30 September 2021

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Interim management report

For the six months ended 30 September 2021

The directors present the interim condensed financial statements of Western Power Distribution Holding Company Limited (formerly PPL WPD Investments Limited) (the "Company") (registered number 10991462) for the six months ended 30 September 2021.

Ownership

Western Power Distribution Holding Company Limited is a wholly-owned subsidiary of National Grid Holdings One Plc, which is owned by National Grid Plc. National Grid Plc is an energy company operating in the UK and US.

During the six month period ended 30 September 2021, the ultimate ownership of the Company changed from PPL Corporation to National Grid Plc. On 14 June 2021, PPL completed the sale transaction of its UK investment in Western Power Distribution Plc Group (the 'WPD Group'), which includes the Company, to National Grid Plc. On completion of the sale, the ultimate controlling parent is National Grid Plc, registered in England and Wales.

Principal activity and business review

The principal activity of the Company is to make and hold investments for the WPD Group. The principal activity of the WPD Group is the distribution of electricity in the South West and Midlands regions in England and in South Wales.

The profit for the six months ended 30 September 2021 was £140.7m (2020: nil). In the current period, the Company received dividend income of £140.0m from Western Power Distribution Plc, the Company's direct wholly-owned subsidiary.

Cash dividends of £140.0m were paid during the six months ended 30 September 2021 (2020: £nil).

The Company has taken full financial responsibility for the Western Power Utilities Pension Scheme ("WPUPS"), a UK self-administered defined benefit pension scheme. WPD South Wales is the principal employer for WPUPS and the Company reimburses WPD South Wales for contributions it pays to WPUPS. The value of the reimbursement agreement is stated in the balance sheet under non-current assets and matches the surplus in the scheme recorded in WPD South Wales under International Accounting Standard 19 - Employee Benefits ('IAS19').

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.

Defined benefit pension scheme

Through its defined benefit pension scheme, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of growth assets (e.g. equities) which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. The allocation to growth assets is monitored such that it is suitable with the schemes' long-term objectives.
Changes in bond yields	A decrease in corporate bond yields will increase the schemes' liabilities, although this will be partially offset by an increase in the value of the schemes' bond holdings.
Inflation risk	The majority of the schemes' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation will increase the deficit.
Life expectancy	The majority of the schemes' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

Interim management report (continued)

For the six months ended 30 September 2021

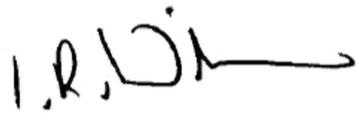
Going concern

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 £2.8bn. The Company's only asset is the investment in the financially stable WPD Group and 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. 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 these licence conditions and the regulatory framework of the WPD Group, the Company is expected to have a continuing, stable stream of revenue.

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.

Events after the interim period

Subsequent to the interim period end, no dividend has been paid by the Company.



IR Williams
Finance Director

5 April 2022

Western Power Distribution Holding Company Limited

Avonbank
Feeder Road
Bristol BS2 0TB

Directors' responsibilities

The directors are responsible for preparing the interim condensed financial statements in accordance with applicable law and regulations. Under the 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 of the profit or loss of the Company for that period. 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.

Directors

The directors who served during the period and up to the date of signing the condensed interim financial statements were as IR Williams

P Swift (appointed on 14 June 2021)

AW Elmore (resigned 14 June 2021)

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the interim condensed financial statements, prepared in accordance with IAS 34 Interim Financial Reporting, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the interim management report includes a fair review of the development and performance of the business, the position of the Company and an indication of important events including their impact on the interim condensed financial statements, during the six months ended 30 September 2021, together with a description of the principal risks and uncertainties that they face; and
- the interim condensed financial statement, taken as a whole and when read in conjunction with the annual report for the year ended 31 March 2021, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the board of directors and is signed on its behalf by:



IR Williams

Finance Director

5 April 2022

Western Power Distribution Holding Company Limited

Avonbank

Feeder Road

Bristol

BS2 0TB

Interim condensed profit and loss account

For the six months ended 30 September

	2021	Unaudited	2022
	£m		£m
Other operating expenses	(0.2)		-
Operating loss	(0.2)		-
Income from investment	140.0		-
Profit before interest and tax	139.8		-
Net interest income relating to pensions and other post-retirement benefits	0.9		-
Profit before tax	140.7		-
Tax on profit	-		-
Profit for the period	140.7		-

Interim condensed statement of comprehensive income

For the six months ended 30 September

	2021	Unaudited	2020
	£m		£m
Profit for the period	140.7		-
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>	-		-
Other comprehensive income for the year, net of tax	-		-
Total comprehensive income for the period, net of tax, attributable to equity holders of the parent	140.7		-

Interim condensed statement of changes in equity

For the six months ended 30 September 2021

	Capital Contribution reserve £m	Share Capital £m	Profit and loss reserve £m	Total equity £m
At 1 April 2021	101.2	2,616.1	94.1	2,811.4
Profit for the period	-	-	140.7	
Total comprehensive income for the period	-	-	140.7	140.7
Dividends paid	-	-	(140.0)	(140.0)
At 30 September 2021	101.2	2,616.1	94.8	2,812.1

Interim statement of changes in equity

For the six months ended 30 September 2020

	Share Capital £m	Profit and loss reserve £m	Total equity £m
At 1 April 2020	2,716.1	-	2,716.1
Profit for the period	-	-	-
Total comprehensive income for the period	-	-	-
At September 2020	2,716.1	-	2,716.1

Interim condensed balance sheet

As at

30 September 2021
Unaudited
£m

31 March 2021
£m

Non-current assets		
Investments	2,716.1	2,716.1
WPUPS reimbursement asset due after more than one year	99.3	98.4
	2,815.4	2,814.5
Creditors		
Other creditors	(0.1)	-
Net current liabilities	(0.1)	-
Total assets less current liabilities	2,815.3	2,814.5
Reimbursement pension liability	(3.2)	(3.1)
Net assets	2,812.1	2,811.4
Capital and reserves		
Share capital	2,616.1	2,616.1
Capital contribution reserve	101.2	101.2
Profit and loss reserve	94.8	94.1
Equity shareholder's funds	2,812.1	2,811.4

The financial statements of the Company on pages 4 to 8 were approved and authorised for issue by the Board of Directors on 5 April 2022 and were signed on its behalf by:



IR Williams
Finance Director

Notes to the interim condensed financial statements

For the six months ended 30 September 2021

1. General information

The interim consolidated financial statements of Western Power Distribution Holding Company Limited ("the Company") for the six months ended 30 September 2021 were authorised for issue by the Board of Directors on 5 April 2022. The Company is a public limited company incorporated and registered in England and Wales.

2. Significant accounting policies

Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. These financial statements should be read in conjunction with the annual financial statements of the Company for the year to 31 March 2021. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements as at and for the year ended 31 March 2021.

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

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year to 31 March 2021.

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.

3. Creditors

In December 2020 the Company became a co-obligor on the \$255m 7.375% notes due 15 December 2028 with fellow subsidiary Western Power Distribution plc ("WPD plc") issued by PPL UK Distribution Holdings Limited (the "PPLUK Bonds"). In accordance with the agreement, the Company and WPD Plc are jointly and severally, and fully and unconditionally, liable on the PPLUK Bonds. Under the terms of the agreement, where the Company has given notice of its intention to make payments to the holders of the PPLUK Bonds, WPD plc will make payments to the Company equal to such amounts. Having recognised its obligations under the PPLUK bonds in full, the Company has not recognised any amounts in respect of its obligations under the reimbursement agreement.