

WESTERN POWER DISTRIBUTION PLC GROUP
For the year to 31 March 2021

Western Power Distribution plc ("WPD") heads the WPD Group whose principal activity is the distribution of electricity in the South West, East and West Midlands areas of England and in South Wales. This activity is conducted by its subsidiaries Western Power Distribution (South West) plc ("WPD South West"), Western Power Distribution (East Midlands) plc ("WPD East Midlands"), Western Power Distribution (West Midlands) plc ("WPD West Midlands") and Western Power Distribution (South Wales) plc ("WPD South Wales").

	2021	2020	Variance	Variance <i>Favourable/ (adverse)</i>
	£m	£m	£m	%
Revenue	1,671.2	1,723.5	(52.3)	(3.0)
Operating costs	(724.1)	(684.8)	(39.3)	(5.7)
Other operating income	3.9	0.5	3.4	680.0
Other operating expense	(2.1)	(2.0)	(0.1)	(5.0)
Operating profit	948.9	1,037.2	(88.3)	(8.5)
Finance income	20.3	11.5	8.8	76.5
Finance costs	(288.7)	(301.0)	12.3	4.1
Net finance income/(expense) relating to pensions and other post-retirement benefits	12.0	2.0	10.0	500.0
Profit before income tax	692.5	749.7	(57.2)	(7.6)
Tax expense	(121.1)	(201.1)	80.0	(39.8)
Profit for the year	571.4	548.6	22.8	4.2

Management narrative analysis of results

Revenue

Revenue for 2021 was £1,671.2m compared to £1,723.5m for the previous year, a decrease of £52.3m (3.0%). This was principally due to a decline in volumes as a result of COVID-19.

Operating costs

Operating costs increased in comparison with the previous year by £39.3m (5.7%) from £684.8m in 2020 to £724.1m in 2021. This was in part due to additional costs incurred as a result of COVID-19.

Other operating income

Other operating income increased by £3.4m (680.0%), which relates to a gain on the disposal of property, plant and equipment, a higher increase in the fair value of investment properties and a debt modification in the current year.

Finance costs

Finance costs for 2021 were £288.7m compared to £301.0m for the previous year. The decrease of £12.3m (4.1%) arises due to a decrease in loan interest and an increase in capitalised interest.

Tax expense

Tax expense decreased by £80.0m (39.8%) from £201.1m in 2020 to £121.1m in 2021. This was due to a reduction in profit before tax in the current year and the adjustment to deferred tax in the prior year as a result of the legislation which cancelled the reduction of the corporation tax rate from 19% to 17%.