

**NB PROPERTY AND ESTATE SERVICES
LIMITED**

Report and Financial Statements

31 March 2003



NB PROPERTY AND ESTATE SERVICES LIMITED

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NB PROPERTY AND ESTATE SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

REVIEW OF BUSINESS

The principal activity of the company is the pursuance of investment opportunities on behalf of United Utilities Electricity PLC, the company's parent undertaking.

The company owns 75% of the issued ordinary share capital of NB Gas Limited.

The company has not traded during the year or previous year. The directors have no present plans to make further investments.

RESULTS AND DIVIDENDS

The company made a loss after tax for the year of £242,307 (2003 - £nil). No dividend was proposed (2002 - £nil).

The financial position of the company at the year end is set out in the balance sheet on page 5.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

UU Directorate Limited

None of the directors who held office at 31 March 2003 held any interest in the share capital of the company.

None of the directors serving at 31 March 2003 held any interest in the share capital of United Utilities PLC, the company's ultimate parent undertaking.

AUDITORS

During the year, KPMG Audit Plc resigned as the company's auditors. The directors used their powers under the Companies Act 1985 to appoint Deloitte & Touche as the company's auditors to fill the vacancy created by KPMG Audit Plc's resignation.

On 1 August 2003, Deloitte & Touche, the company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1985. A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

REGISTERED OFFICE

NB Property and Estate Services Limited
Dawson House
Great Sankey
Warrington
WA5 3LW

Approved by the Board of Directors
and signed on behalf of the Board



Secretary

For and on behalf of
UU SECRETARIAT LIMITED
Corporate Secretary

10 November 2004

NB PROPERTY AND ESTATE SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of NB Property and Estate Services Limited at the end of the financial year and of the profit or loss of the company for the financial year.

The directors consider that, in preparing the financial statements on pages 4 to 7, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards, which they consider to be applicable to these financial statements have been followed. *After making enquiries, the directors are of the opinion that the company has adequate resources to continue in existence for the foreseeable future.* For this reason, they continue to adopt a going concern basis in preparing these financial statements.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility at law for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB PROPERTY AND ESTATE SERVICES LIMITED

We have audited the financial statements of NB Property and Estate Services Limited for the year ended 31 March 2003 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 10. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 the company's affairs as at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester

30 March 2004

NB PROPERTY AND ESTATE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2003

	Note	2003 £	2002 £
Amounts written off investments	4	(242,307)	-
Loss on ordinary activities before taxation		(242,307)	-
Taxation on loss on ordinary activities	5	-	-
Loss for the financial year		(242,307)	-
Retained profit brought forward		126,141	126,141
Retained (loss)/profit carried forward		(116,166)	126,141

The company has no recognised gains or losses for the period other than the results for the period disclosed above. Accordingly, a statement of recognised gains and losses has not been included.


NB PROPERTY AND ESTATE SERVICES LIMITED

BALANCE SHEET 31 March 2003

	Note	2003 £	2002 £
FIXED ASSETS - INVESTMENTS	4	-	242,307
CURRENT ASSETS			
Debtors	6	1,100,102	1,100,102
CREDITORS: Amounts falling due within one year	7	(1,216,166)	(1,216,166)
NET CURRENT LIABILITIES		(116,064)	(116,064)
NET (LIABILITIES)/ASSETS		(116,064)	126,243
CAPITAL AND RESERVES			
Share capital	8	102	102
Profit and loss account		(116,166)	126,141
Equity Shareholders' (deficit)/funds	9	(116,064)	126,243

These financial statements were approved by the Board of Directors on 30 November 2004.

Signed on behalf of the Board of Directors


Director

For and on behalf of
UU DIRECTORATE LIMITED
Corporate Director

NOTES TO THE FINANCIAL STATEMENTS

31 March 2003

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable *United Kingdom accounting standards*.

The financial statements present information about the company as an individual undertaking and not about its group. The company has taken advantage of the exemption under section 228 of the Companies Act not to prepare group accounts, as the company is itself a wholly owned subsidiary of United Utilities PLC which is incorporated in Great Britain and registered in England and Wales and which prepares group accounts.

Investments

Investments are stated at the lower of cost, including related costs of acquisition, and directors' valuation.

Cash flow statement

The company has taken advantage of the exemption included in FRS 1 – Cash Flow Statements for wholly owned subsidiaries of an EU parent undertaking not to prepare a cash flow statement as a consolidated cash flow statement is included in the financial statements of the ultimate parent company United Utilities PLC.

Related parties

As the company is a wholly owned subsidiary of United Utilities PLC, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

2. DIRECTORS' EMOLUMENTS

None of the directors received emoluments for their services as directors of the company (2002 – same).

3. AUDITOR'S REMUNERATION

The auditor's remuneration was borne by another group undertaking (2002 – same).

4. INVESTMENTS

	Proportion of issued ordinary share capital held	2003 £	2002 £
Investment in group undertaking at cost- NB Gas Limited:			
Shares (£1 ordinary shares)	75%	-	242,307
<i>The trading business of NB Gas Limited was sold to TXU Europe in August 2000.</i>			
Cost at 1 April 2002 and 31 March 2003			£ 242,307
Provision for impairment at 1 April 2002			-
Impairment in the year			(242,307)
Provision for impairment at 31 March 2003			(242,307)
Net book value			
At 31 March 2003			-
At 1 April 2002			242,307

NB PROPERTY AND ESTATE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 March 2003

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES

No taxation is payable on the loss for the period (2002 - £nil).

The tax assessed for the period is exactly equal to that resulting from applying the standard rate of corporation tax in the UK of 30% (2002 - same).

6. DEBTORS

	2003 £	2002 £
Amounts falling due within one year:		
Called up share capital not paid	102	102
Due from parent undertaking	1,100,000	1,100,000
	<u>1,100,102</u>	<u>1,100,102</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Loan from parent undertaking	1,216,166	1,216,166
	<u>1,216,166</u>	<u>1,216,166</u>

8. SHARE CAPITAL

The authorised share capital consists of 5,000,000 £1 ordinary shares (2002 - 5,000,000 £1 ordinary shares).

	2003 £	2002 £
102 Ordinary shares of £1 each		
Allotted, called up but not paid	102	102
	<u>102</u>	<u>102</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Loss for the year	(242,307)	-
Opening shareholders' funds	126,243	126,243
	<u>126,243</u>	<u>126,243</u>
Closing shareholders' (deficit)/funds	(116,064)	126,243
	<u>(116,064)</u>	<u>126,243</u>

10. ULTIMATE PARENT UNDERTAKING

The smallest group in which the results of the company are consolidated is that headed by United Utilities Electricity PLC, the immediate parent company registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by United Utilities PLC, the ultimate parent company. The consolidated accounts of this group are available to the public and may be obtained from the Company Secretary, United Utilities PLC, Dawson House, Great Sankey, Warrington, WA5 3LW.