

**NB PROPERTY AND ESTATE SERVICES
LIMITED**

Report and Financial Statements

Year ended 31 March 2004



NB PROPERTY AND ESTATE SERVICES LIMITED

CONTENTS	Page
Director's report	1
Statement of director's responsibilities	2
Independent auditors' report	3
Profit and loss Account	4
Balance sheet	5
Notes to the financial statements	6

NB PROPERTY AND ESTATE SERVICES LIMITED

DIRECTOR'S REPORT

The director presents the annual report and the audited financial statements for the year ended 31 March 2004.

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 director has no present plans to make further investments.

RESULTS AND DIVIDENDS

The company has not traded during this year or the previous year, nor made a profit or loss in the year (2003 – loss of £242,307). No dividend was proposed (2003 – £nil).

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

DIRECTOR AND HIS INTERESTS

The director who served during the year was:

UU Directorate Limited

The director who held office at 31 March 2004 did not hold any interest in the share capital of the company.

The director serving at 31 March 2004 did not hold any interest in the share capital of United Utilities PLC, the company's ultimate parent undertaking.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them 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 Director



for UU Directorate Ltd
Director

27 January 2005

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing, in accordance with the Companies Act 1985, financial statements for each financial year which give a true and fair view of the company's state of affairs at the end of the financial year and of the profit or loss of the company for that period.

The director considers that, in preparing the financial statements, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards, which he considers to be applicable to these financial statements have been followed.

After making enquiries, the director is of the opinion that the company has adequate resources to continue in existence for the foreseeable future. For this reason, he continues to adopt a going concern basis in preparing these financial statements.

The director has a legal responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable him to ensure that the financial statements comply with the Companies Act 1985.

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

INDEPENDENT AUDITORS' 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 2004 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 director and auditors

As described in the statement of director's responsibilities, the company's director is 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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's 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 director 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 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester

27 January 2005

NB PROPERTY AND ESTATE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2004

	Note	2004 £	2003 £
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 (loss)/profit brought forward		(116,166)	126,141
Retained loss carried forward		<u>(116,166)</u>	<u>(116,166)</u>

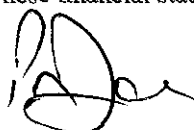
The company has no recognised gains or losses for the period other than the results for the period disclosed above. Accordingly, a statement of recognised gains and losses has not been included.

NB PROPERTY AND ESTATE SERVICES LIMITED

BALANCE SHEET 31 March 2004

	Note	2004 £	2003 £
Current Assets			
Debtors	6	1,100,102	1,100,102
Creditors: Amounts falling due within one year	7	<u>(1,216,166)</u>	<u>(1,216,166)</u>
Net Current Liabilities		<u>(116,064)</u>	<u>(116,064)</u>
Capital and Reserves			
Share capital	8	102	102
Profit and loss account		<u>(116,166)</u>	<u>(116,166)</u>
Equity Shareholders' deficit	9	<u>(116,064)</u>	<u>(116,064)</u>

These financial statements were approved by the Director on 27 January 2005.



for NB Directorate Ltd
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

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 director's 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. DIRECTOR'S EMOLUMENTS

The director received no emoluments for his service as director of the company (2003 – nil).

3. AUDITORS' REMUNERATION

The auditors' remuneration was borne by another group undertaking (2003 – same).

4. INVESTMENTS

	£
Cost	
At 1 April 2003 and 31 March 2004	242,307
	<hr/>
Provision for impairment	
At 1 April 2003 and 31 March 2004	(242,307)
	<hr/>
Net book value	
At 1 April 2003 and 31 March 2004	-
	<hr/>

The investment represents 75% of the ordinary share capital of NB Gas Ltd.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2004

5. TAXATION ON ORDINARY ACTIVITIES

No taxation is payable for the period (2003 - £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% (2003 – nil).

	2004	2003
	£	£
Result for the financial year	-	(242,307)
Tax at 30%	-	(72,692)
Non allowable expenses	-	72,692
	<hr/>	<hr/>
Corporation tax for period	-	-
	<hr/>	<hr/>

6. DEBTORS

	2004	2003
	£	£
Amounts falling due within one year:		
Called up share capital not paid	102	102
Amounts due from parent undertaking	1,100,000	1,100,000
	<hr/>	<hr/>
	1,100,102	1,100,102
	<hr/>	<hr/>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Loan from parent undertaking	1,216,166	1,216,166
	<hr/>	<hr/>

8. SHARE CAPITAL

The authorised share capital consists of 5,000,000 £1 ordinary shares (2003 – 5,000,000 £1 ordinary shares).

	2004	2003
	£	£
102 Ordinary shares of £1 each		
Allotted, called up but not paid	102	102
	<hr/>	<hr/>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2004	2003
	£	£
Loss for the financial year	-	(242,307)
Opening shareholders' (deficit)/funds	(116,064)	126,243
	<hr/>	<hr/>
Closing shareholders' deficit	(116,064)	(116,064)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2004

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.