Northern Gas Networks Operations Limited
(formerly United Utilities Operations Limited)

Annual Report and accounts
for the nine month period ended 31 December 2010

Registered number 3528783

Directors' report
For the period ended 31 December 2010

The directors present their Annual Report on the affairs of the company, together with the accounts and auditor's report, for the nine month period ended 31 December 2010

Principal activity

The principal activity of the company throughout the period was the provision of operations, maintenance and capital programme services for the North of England gas distribution network

Business review

On 31 October 2010 the entire issued share capital of the company was acquired by Northern Gas Networks Limited ("NGN") for consideration of £1 The company changed its name from United Utilities Operations Limited ("UUOL") to Northern Gas Networks Operations Limited ("NGNOL") on 3 November 2010 The company also shortened its accounting period by changing its accounting reference date from 31 March to 31 December The company operates and maintains the North of England gas distribution network on behalf of NGN, which prior to 31 October 2010 was done through an Asset Services Agreement ("ASA") contract between the company and NGN

The company's financial results for the period are lower than the prior year as a result of the cessation of the ASA contractual arrangements Total revenue for the period was £140 6m (year ended 31 March 2010 - £188 8m) and operating loss for the period was £1 2m (year ended 31 March 2010 - £0 3m as restated) The tax credit for the period was £0 3m (year ended 31 March 2010 - £0 5m as restated) which represents an effective tax rate of 18% (year ended 31 March 2010 - 59%) The prior year results have been restated to remove the defined benefit pension liability as explained further in note 8 to the accounts

Business strategy

The company's purpose is to operate and maintain the North of England gas distribution network, so that it provides safe and secure gas supplies to the people and the businesses within the distribution network The company's vision of success mirrors that of NGN, which is to be consistently benchmarked by the regulators, Ofgem and the Health and Safety Executive ("HSE") as being in the top two comparable utilities in safety management, efficiency and customer service

Key performance indicators (KPIs)

The company is managed as part of the overall group For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business The performance of the group, including the company, is discussed in the Northern Gas Networks Holdings Limited Annual Report which does not form part of this report

Environment

The company recognises the importance of its environmental responsibilities and undertakes its operations in an environmentally sensitive manner, complying with all relevant legislative requirements and higher standards where possible The company is committed to the protection of the environment in the region it serves The company's environmental management systems are certified under ISO14001 This helps the directors deal proactively with future environmental issues and legislation and assist in the development of environmentally beneficial projects

Principal risks and uncertainties

The company's principal risks and uncertainties are set out below

Regulatory environment, revenue and costs

The gas industry is subject to extensive legal and regulatory obligations and controls with which the company must comply The application and possible changes of these laws, regulations and regulatory standards could have an adverse affect on the operations and financial position of the company or in the case of financial misreporting, a potential fine

Health and safety

There is a risk that an incident within the network leads to injury to an employee, contractor or a member of the general public Any such incident could have an adverse affect on the reputation of the company, or lead to potential prosecution and reduced productivity

Network performance

If the network assets were to fail it could result in a loss in supply of gas to customers and associated adverse publicity and an unexpected increase in costs

Employees

The success of the company depends to a significant extent on the contribution of its employees and the employees of operational contractors Fair and effective recruitment, training and employee development are critical to the successful functioning and progression of the business The ability to adapt in a climate of change is dependent on the appointment and retention of a high calibre, competent, flexible, quality conscious and customer focused workforce all of whom are committed to business success and are given appropriate training Appropriate succession planning strategies mean that development of existing staff is crucial Effective resourcing and selection processes also play a positive role in improving the image of the company in the community it serves

The company, as an equal opportunities employer, ensures that no job applicant receives less favourable treatment because of his or her age, colour, disability, ethnic or national origin, gender, marital status or sexuality or is disadvantaged by conditions or requirements which are irrelevant to performance and the company's needs

Outlook

The directors expect the general level of activity to remain stable

Financial risk management objectives and policies

The company's financial instruments comprise group borrowings, cash and various items such as trade debtors and trade creditors that arise directly from its operations There are no key risks associated with these financial instruments as their main purpose is to finance the company's operations The company does not hold or issue any derivative financial instruments for speculative purposes

Going concern

The company's business activities, performance and position together with its principal risks and uncertainties likely to affect its future development and performance are set out on pages 1 and 2

The directors have made enquiries and reviewed the forecasts, including sensitivity analysis, and in light of the facilities available, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and accounts

Dividends

The directors do not recommend payment of a dividend (year ended 31 March 2010 - £nil)

Directors

The directors, who served throughout the nine month period except as noted, were as follows

A Cowan	(resigned 31 October 2010)
J M Perrie	(resigned 8 October 2010)
M E Preece	(resigned 30 September 2010)
A Prescott	(resigned 31 October 2010)
J Suddes	(resigned 31 October 2010)
C Wright	(resigned 31 October 2010)
W Shurniak	(Chairman, appointed 31 October 2010)
M J Horsley	(Chief Executive Officer, appointed 4 January 2011)
B Scarsella	(appointed 31 October 2010, resigned 4 January 2011)
F R Frame	(appointed 31 October 2010)
H L Kam	(appointed 31 October 2010)
K S Tso	(appointed 31 October 2010)
N McGee	(appointed 31 October 2010)
A Hunter	(appointed 31 October 2010)
M Robinson	(appointed 31 October 2010)

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment Trade creditors of the company at 31 December 2010 were equivalent to 9 days' purchases, based on the average daily amount invoiced by suppliers during the period (year ended 31 March 2010 – 10 days)

Charitable and political contributions

During the period the company made charitable donations of £434 (year ended 31 March 2010 - £252), principally to local charities serving the communities in which the company operates No political donations were made in the period (year ended 31 March 2010 – £nil)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned In the event of employees becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of all other employees

Employee consultation

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company This is achieved through both formal and informal meetings Employees are consulted regularly on a wide range of matters affecting their current and future interests Employees are eligible to receive an annual bonus related to the overall financial and operational performance of the company

Auditor

Each of the directors at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

The directors will place a resolution before the annual general meeting to reappoint Deloitte LLP as auditor for the ensuing year

1100 Century Way
Thorpe Park Business Park
Colton
Leeds
LS15 8TU

By order of the Board,

Mark Horsley

M J Horsley

24 March 2011

Director

Directors' responsibilities

The directors are responsible for preparing the Annual Report and accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the accounts 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 accounts, 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, and
- prepare the accounts 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 accounts 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

Independent auditor's report

To the Members of Northern Gas Networks Operations Limited (formerly United Utilities Operations Limited)
We have audited the accounts of Northern Gas Networks Operations Limited for the nine month period ended 31 December 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the statement of accounting policies and the related notes 1 to 18 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards ("United Kingdom Generally Accepted Accounting Practice")

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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 auditor
As explained more fully in the Directors' Responsibilities statement, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's ("APB's") Ethical Standards for Auditors

Through management, the directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions

Scope of the audit of the accounts
An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the accounts

Opinion on accounts
In our opinion the accounts

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the accounts are prepared is consistent with the accounts

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the accounts are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Christopher Powell FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, England

24 March 2011

Profit and loss account

For the penod ended 31 December 2010

	Notes	Nine months ended 31 December 2010 £'000	Year ended 31 March 2010 (as restated) £'000
Turnover	1	140,591	188,780
Cost of sales		(140,846)	(187,774)
Gross (loss) profit		(255)	1,006
Other operating expenses	2	(953)	(1,345)
Operating loss		(1,208)	(339)
Finance charges (net)	3	(275)	(541)
Loss on ordinary activities before taxation	4	(1,483)	(880)
Tax on loss on ordinary activities	7	274	518
Loss for the financial period	15	(1,209)	(362)

The above results arise from continuing operations

The accompanying notes are an integral part of this profit and loss account

Statement of total recognised gains and losses

For the period ended 31 December 2010

	Notes	Nine months ended 31 December 2010 £'000	Year ended 31 March (as restated) 2010 £'000
Loss for the financial period		(1,209)	(362)
Total recognised gains and losses relating to the period		(1,209)	(362)
Prior year adjustment	8	5,544	
Total gains and losses recognised since last annual report and accounts		4,335	

The accompanying notes are an integral part of this statement of total recognised gains and losses

Balance sheet

31 December 2010

	Notes	31 December 2010 £'000	31 March 2010 (as restated) £'000
Current assets			
Stocks	9	842	788
Debtors - due within one year	10	29,019	44,347
Cash at bank and in hand		138	5,410
		29,999	50,545
Creditors: Amounts falling due within one year	12	(28,869)	(58,640)
Net current liabilities		1,130	(8,095)
Provisions for liabilities	13	(1,118)	(9,802)
Net assets (liabilities)		12	(17,897)
Capital and reserves			
Called-up share capital	14	-	-
Profit and loss account	15	12	(17,897)
Shareholders' funds (deficit)	16	12	(17,897)

The accompanying notes are an integral part of this balance sheet

The accounts of Northern Gas Networks Operations Limited, Registered number 3528783, were approved by the Board of Directors and authorised for issue on 14 March 2011 and signed on its behalf by

Mark Horsley

M J Horsley Director

24 March 2011

Statement of accounting policies
31 December 2010

The principal accounting policies are summarised below They have all been applied consistently throughout the period and the preceding year

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom ("UK") accounting standards

The company is exempt from the requirement of FRS1 (revised) "Cash flow statements" to present a cash flow statement as it is a wholly owned subsidiary of Northern Gas Networks Holdings Limited, which prepares consolidated accounts which are publicly available

Going concern

The Directors' report includes a note on page 3 stating that the directors consider the business to be a going concern at the time of the approval of the Annual Report and accounts

Stocks

Stocks are stated at the lower of cost and net realisable value Provision is made for obsolete or defective items where appropriate

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively 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 accounts that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the accounts

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

Turnover

Turnover represents income receivable for the provision of services to NGN net of Value Added Tax

Pension costs

Employees of the company participate in either the Northern Gas Networks Limited Pension Scheme ("NGNPS"), a defined benefit scheme which is now closed to new entrants or defined contribution pension schemes operated by NGN The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet A prior year adjustment has been made to remove the defined benefit pension liability as disclosed in note 8

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful economic lives The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful economic lives

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used

1 Segment information

The directors consider that the company has only one class of business The company's turnover is generated wholly from within the UK

2 Other operating expenses

	Nine months ended 31 December 2010 £'000	Year ended 31 March 2010 £'000
Administrative expenses	(953)	(1,345)
	(953)	(1,345)

3 Finance charges (net)

	Nine months ended 31 December 2010 £'000	Year ended 31 March 2010 (as restated) £'000
Interest payable and similar charges		
- Interest payable to group undertakings	(275)	(541)
	(275)	(541)

4 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	Nine months ended 31 December 2010 £'000	Year ended 31 March 2010 £'000
Exceptional restructuring costs	-	484
Operating lease rentals – other	128	-
Fees payable to the company's auditor for the audit of the company's annual accounts	35	40

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the consolidated accounts of the parent company disclose such fees on a consolidated basis

Exceptional restructuring costs in the prior year of £484,000 were in relation to a voluntary redundancy programme

5 Staff costs

The average monthly number of employees (including executive directors) was

	Nine months ended 31 December 2010 Number	Year ended 31 March 2010 Number
Operations	1,102	1,063

	Nine months ended 31 December 2010 £'000	Year ended 31 March 2010 (as restated) £'000
Their aggregate remuneration comprised		
Wages and salaries	30,809	38,443
Social security costs	2,450	3,276
Other pension costs	5,499	7,254
	38,758	48,973

6 Directors' remuneration and transactions

Remuneration

The remuneration of the directors was as follows

	Nine months ended 31 December 2010 £'000	Year ended 31 March 2010 £'000
Emoluments	82	103

Certain directors of the company are remunerated by fellow group companies and are not recharged This is because fair apportionment is not possible as services are provided to multiple entities (year ended 31 March 2010 - £nil)

Pensions

The number of directors who were members of pension schemes was as follows

	Nine months ended 31 December 2010 Number	Year ended 31 March 2010 Number
Defined benefit scheme	1	1

Transactions

There have been no transactions with directors in the period (year ended 31 March 2010 – £nil) other than as set out above in respect of remuneration

7 Tax on loss on ordinary activities

The tax credit comprises

	Nine months ended 31 December 2010 £'000	Year ended 31 March 2010 (as restated) £'000
Current tax		
UK corporation tax	(313)	(1,608)
Adjustments in respect of prior years	-	859
Total current tax credit	(313)	(749)
Deferred tax		
Current period - origination and reversal of timing differences	39	1,632
Adjustments in respect of prior years	-	(1,401)
Total deferred tax	39	231
Total tax on loss on ordinary activities	(274)	(518)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	Nine months ended 31 December 2010 £'000	Year ended 31 March 2010 (as restated) £'000
Loss on ordinary activities before tax	(1,483)	(880)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28% (year ended 31 March 2010 – 28%)	(415)	(247)
Effects of		
Expenses not deductible for tax purposes	90	168
Capital allowances in excess of depreciation	-	(3)
Depreciation in excess of capital allowances	1	-
Other timing differences	11	(1,526)
Adjustments in respect of prior year	-	859
Current tax credit for the period	(313)	(749)

The company earns its profits in the UK Therefore the tax rate used for tax on loss on ordinary activities is the standard rate for UK corporation tax, currently 28% (year ended 31 March 2010 – 28%)

8 Prior year adjustment

Following the acquisition of the company by NGN on 31 October 2010, the accounts for the year ended 31 March 2010 have been restated to remove the defined benefit pension liability as the accounts of NGN already include the pension scheme transactions, assets and liabilities as that company has the obligations for the scheme The directors consider that this provides a more accurate representation of the result and of the financial position of the company The comparative figures in the primary statements and notes have been restated to reflect this

The effects of the change are summarised below

	Year ended 31 March 2010 £'000
Profit and loss account	
Cost of sales	(6,900)
Other finance income	1,600
Tax on profit on ordinary activities	1,484
Decrease in profit for the financial period	(3,816)

	31 March 2010 £'000
Balance sheet	
Deferred tax asset	(2,156)
Pension liability	7,700
Increase in net assets	5,544

The change has also resulted in a reserves movement of £9,360,000

It is not practicable to include the effect of the change on the results for the current period as differences exist in the liability previously recorded by the company and by NGN due to differences in the actuarial assumptions used by management The liability at 31 December 2010 has been disclosed in the NGN accounts using actuarial assumptions relevant to the NGN group

Notes to the accounts (continued)

9 Stocks

	31 December 2010 £'000	31 March 2010 £'000
Raw materials	842	788

There is no material difference between the balance sheet value of stocks and their replacement cost

10 Debtors – due within one year

	31 December 2010 £'000	31 March 2010 £'000
Trade debtors	2,609	6,106
Amounts owed by group undertakings	21,431	749
Prepayments and accrued income	905	37,453
VAT	4,074	
Deferred tax asset (see note 11)	-	39
	29,019	44,347

11 Deferred tax asset

	£'000
At 1 April 2010	39
Charged to profit and loss account	(39)
At 31 December 2010	-

Deferred tax is provided as follows

	31 December 2010 £'000	31 March 2010 £'000
Accelerated capital allowances	-	12
Other timing differences	-	27
	-	39

12 Creditors Amounts falling due within one year

	31 December 2010 £'000	31 March 2010 £'000
Trade creditors	3,404	3,317
Amounts owed to group undertakings	-	35,244
Other taxation and social security	1,377	1,672
Accruals and deferred income	24,088	16,015
Other creditors	-	2,392
	28,869	58,640

13 Provisions for liabilities

	Contractor claims £'000	ASA costs £'000	Total £'000
At 1 April 2010	-	9,802	9,802
Charged to profit and loss account	1,118	2,129	3,247
Utilised in the period	-	(11,931)	(11,931)
At 31 December 2010	1,118	-	1,118

Contractor claims

The provision for contractor claims relates to claims received from primary contractors in respect of work variations and final invoice valuations upon closing out contracts and represents the best estimate of the amounts required to settle these claims, which is expected mainly within one year of the balance sheet date

ASA costs

This provision relates to contractual costs due to NGN under the terms of the ASA contract which ceased on acquisition

14 Called-up share capital

	31 December 2010 £	31 March 2010 £
Allotted, called-up and fully-paid		
2 ordinary shares of £1 each	2	2

15 Reserves

	Profit and loss account £'000
At 31 March 2010 as previously stated	(23,441)
Prior year adjustment (note 8)	5,544
At 1 April 2010 as restated	(17,897)
Loss for the financial period	(1,209)
Capital contributions	19,118
At 31 December 2010	12

On 27 October 2010, prior to the sale of the company to NGN, the previous ultimate parent company, United Utilities plc ("UU") waived £17 3m of the borrowings owed to it by the company under its group cash pool arrangements by way of a capital contribution

Subsequent to the acquisition, NGN provided funding to the company to settle its outstanding liabilities by way of a further capital contribution of £1 8m

16 Reconciliation of movements in shareholders' funds (deficit)

	31 December 2010 £'000	31 March 2010 (as restated) £'000
Loss for the financial period	(1,209)	(362)
Capital contributions (note 15)	19,118	-
Net movement in shareholders' funds (deficit)	17,909	(362)
Opening shareholders' deficit as previously stated		(18,903)
Prior year adjustment		1,368
Opening shareholders' deficit as restated	(17,897)	(17,535)
Closing shareholders' funds (deficit)	12	(17,897)

17 Financial commitments

The company had no capital commitments at the end of the financial period (year ended 31 March 2010 - £nil)

Annual commitments under non-cancellable operating leases are as follows

	31 December 2010 £'000	31 March 2010 £'000
Expiry date		
- within one year	73	-
- between two and five years	450	-
	523	-

18 Ultimate controlling party

The directors regard Northern Gas Networks Holdings Limited, a company incorporated in England and Wales, as the ultimate parent company and the ultimate controlling party Northern Gas Networks Limited is the immediate parent company

Northern Gas Networks Holdings Limited is the parent company of the largest and smallest group of which the company is a member and for which group accounts are drawn up Copies of the accounts are available from 1100 Century Way, Thorpe Park Business Park, Colton, Leeds, LS15 8TU

The Shareholders of Northern Gas Networks Holdings Limited are a consortium comprising of

PG (April) Limited (47 1%)
Beta Central Profits Limited (41 3%)
SAS Trustee Corporation (11 6%)

As a subsidiary undertaking of Northern Gas Networks Holdings Limited, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Northern Gas Networks Holdings Limited