

ATLANTIC OPTIMA LIMITED

Directors' Report and Financial Statements

Year ended 31 March 2005



DIRECTORS REPORT AND FINANCIAL STATEMENTS 2005
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ATLANTIC OPTIMA LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of sales recovery services for water companies. The company did not trade during the year.

FUTURE PROSPECTS

The company no longer trades. Non-trading accounts will be filed for the year ending 31 March 2006.

RESULTS, DIVIDENDS AND TRANSFERS TO RESERVES

The company did not trade during the year (2004 - £8,000 profit after taxation).

The directors do not recommend the payment of a dividend (2004 - £Nil).

The financial position of the company at the year end is set out in the balance sheet on page 6.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

Robert Armstrong
Graeme Dymond

None of the directors had any interest in the share capital of the Company.

The directors of the company at 31 March 2005 had the following beneficial interests in the shares of United Utilities PLC at the year-end. Details of the interests of directors of United Utilities PLC are dealt with in that company's accounts.

	Ordinary shares		Executive option scheme		Share options Employee sharesave scheme	
	Interest at end of year	Interest at start of year	Interest at end of year	Interest at start of year	Interest at end of year	Interest at start of year
Graeme Dymond	2,294	114	2,717	8,827	3,180	6,656
Robert Armstrong	30,080	16,125	-	3,235	2,909	2,909

	£0.50 A Shares		Deferred Shares	
	Interest at end of year	Interest at start of year	Interest at end of year	Interest at start of year
Graeme Dymond	35	-	-	-
Robert Armstrong	4,569	7,480	-	9,526

Details of the employee sharesave scheme, the executive share option scheme and the deferred share scheme operated by United Utilities PLC are given in that company's accounts.

During the current and prior year, directors' and officers' liability insurance was in force.

POLITICAL AND CHARITABLE DONATIONS

During the year the Company made £nil political or charitable donations (2004: £Nil)

ATLANTIC OPTIMA LIMITED

AUDITORS

Pursuant to S386 of the Companies Act 1985 an elective resolution has been made to dispense with the requirement to re-appoint auditors annually. Therefore Deloitte & Touche LLP is deemed to act as auditor of the Company.

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



For and on behalf of
UU DIRECTORATE LIMITED
Corporate Director

19 July 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 proper accounting records which 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. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ATLANTIC OPTIMA LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ATLANTIC OPTIMA LIMITED

We have audited the financial statements of Atlantic Optima Limited for the year ended 31 March 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, balance sheet and the related notes 1 to 12. 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 affairs of the Company as at 31 March 2005 and of the result 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

28 Feb 2006

ATLANTIC OPTIMA LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2005

	Note	2005 £'000	2004 £'000
TURNOVER		-	46
Cost of sales		-	(31)
		<hr/>	<hr/>
Gross profit		-	15
Administrative expenses		-	(4)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	11
Tax on profit on ordinary activities	2 5	-	(3)
		<hr/>	<hr/>
Retained profit for the year	9	-	8
		<hr/>	<hr/>

The notes on pages 7 to 10 form part of these financial statements. The company has no recognised gains or losses other than the results for the year disclosed above. Accordingly a statement of total recognised gains and losses has not been included.


ATLANTIC OPTIMA LIMITED

BALANCE SHEET 31 MARCH 2005

	Note	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible assets	6	-	-
CURRENT ASSETS			
Debtors	7	11	23
Cash at bank and in hand		148	136
		159	159
CREDITORS: amounts falling due within one year	8	(92)	(92)
NET CURRENT ASSETS		67	67
NET ASSETS		67	67
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Profit and loss account		67	67
EQUITY SHAREHOLDERS' FUNDS	9	67	67

These financial statements were approved by the Board of Directors on 19 July 2006.

Signed on behalf of the Board of Directors



Director

For and on behalf of
UU DIRECTORATE LIMITED
Corporate Director

ATLANTIC OPTIMA LIMITED

NOTES TO THE ACCOUNTS

Year Ended 31 March 2005

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

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

Taxation

Current tax, including UK corporation tax and foreign 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 financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discontinued.

Cash flow statement

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

Related Party Transactions

As a wholly owned subsidiary, the Company is exempt from disclosing transactions with other Group undertakings.

Turnover

Turnover is derived from sale recovery services in relation to water companies. Turnover is received as a percentage of the sales recovered and recognised upon a signed agreement being completed with the customer.

Fixed assets

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery 2 years

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The auditor's remuneration for both years has been borne by United Utilities PLC and is not recharged.

3. REMUNERATION OF THE DIRECTORS

Directors are not remunerated for services to the company (2004 – same).

ATLANTIC OPTIMA LIMITED

NOTES TO THE ACCOUNTS (continued)

Year Ended 31 March 2005

4. STAFF NUMBERS AND COSTS

The company does not employ any staff (2004 – same).

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Current tax

	2005 £'000	2004 £'000
United Kingdom corporation tax charge for the year at 30% (2004 - 30%)	-	3
Tax on profit on ordinary activities	-	3

The standard and actual rate of current tax for the year is 30% (2004 – 30%).

6. TANGIBLE FIXED ASSETS

	Plant and machinery £'000
Cost	
At 1 April 2004 and 31 March 2005	3
Depreciation	
At 1 April 2004	3
Charge for the period	-
At 31 March 2005	3
Net book value	
At 31 March 2005	-
At 31 March 2004	-

ATLANTIC OPTIMA LIMITED

NOTES TO THE ACCOUNTS (continued)

Year Ended 31 March 2005

7. DEBTORS

	2005 £'000	2004 £'000
Amounts falling due within one year:		
Trade debtors	-	3
Amounts due from group undertakings	11	11
Prepayments and accrued income	-	9
	<u>11</u>	<u>23</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2004 £'000
Amounts due to group undertakings	92	83
Accruals and deferred income	-	3
Taxation and other creditors	-	6
	<u>92</u>	<u>92</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £'000	2004 £'000
Profit for the year	-	8
Capital contribution from parent company	-	50
	<u>-</u>	<u>58</u>
Net movement in shareholders' funds	67	9
Opening shareholders' funds	<u>67</u>	<u>9</u>
Closing shareholders' funds	<u>67</u>	<u>67</u>

10. CALLED UP SHARE CAPITAL

	2005 £	2004 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exception included in Financial Reporting Standard No 8 "Related Party Disclosures" for wholly owned subsidiaries not to disclose the transactions with entities that are part of the group.

ATLANTIC OPTIMA LIMITED

NOTES TO THE ACCOUNTS (continued)

Year Ended 31 March 2005

12. PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is United Utilities Customer Sales Limited, which is incorporated in the UK and is registered in England and Wales. The ultimate parent company and controlling party is United Utilities Plc which is incorporated in the UK and registered in England and Wales. The largest and smallest group in which these accounts are consolidated are United Utilities Plc.

Copies of the consolidated group financial statements are available from the Secretary, United Utilities Plc, Dawson House, Great Sankey, Warrington, WA5 3LW.