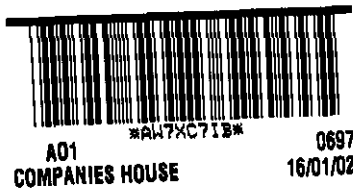


Registered Number 3102176

Albion Water Limited (formerly Albion Water
(Shotton) Limited)

Directors' report and financial statements
for the year ended 31 March 2001



Albion Water Limited (formerly Albion Water (Shotton) Limited)

Directors' report and financial statements for the year ended 31 March 2001

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Albion Water Limited (formerly Albion Water (Shotton) Limited)

Directors' report for the year ended 31 March 2001

The directors present their report together with the audited financial statements of the company for the year ended 31 March 2001.

Principal activities

The principal activity of the company throughout the year was that of a regulated water company. The trading results for the year are considered satisfactory, and the company is well placed to improve its performance in the future.

On 31 October 2000 the company changed its name from Albion Water (Shotton) Limited to Albion Water Limited.

Results and dividends

The results of the company are set out on page 4. The Directors do not recommend the payment of a dividend (2000: £nil). The company made neither a profit nor a loss.

Directors

The Directors who served during the year were as follows:

Dr J R Bryan
A D Jones

No Director held any beneficial interest in shares of the company during the year. Dr Bryan and Mr Jones are both Directors of Enviro-Logic Limited and their interests in the shares of that company are disclosed in the financial statements of Enviro-Logic Limited.

Charitable contributions

During the year the company made no charitable donations (2000: £Nil).

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of its profit or loss for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2001, that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Albion Water Limited (formerly Albion Water (Shotton) Limited)

Auditors

In accordance with section 386 of the Companies Act 1985, the company has passed an elective resolution whereby it dispensed with the obligation to appoint auditors annually. PricewaterhouseCoopers have indicated their willingness to continue as auditors.

Annual General Meeting

In accordance with sections 252 and 366A of the Companies Act 1985, the company has passed elective resolutions whereby it dispensed with the laying of accounts and reports before the company's general meetings and dispensed with the holding of Annual General Meetings.

By order of the Board

A handwritten signature in black ink, appearing to read 'K D Woodier', with a horizontal line underneath.

K D Woodier
Secretary
6 December 2001

Albion Water Limited (formerly Albion Water (Shotton) Limited)

Auditors' report to the members of Albion Water Limited

We have audited the financial statements on pages 4 to 8, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Directors' report and financial statements. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you 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 is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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 at 31 March 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

31 Great George Street

Bristol

BS1 5QD

6 December 2001

Albion Water Limited (formerly Albion Water (Shotton) Limited)

Profit and loss account for the year ended 31 March 2001

	Note	2001 £	2000 £
Turnover	1	1,760,026	1,685,730
Cost of sales		(1,730,217)	(1,662,215)
Gross profit		29,809	23,515
Administrative expenses	2	(30,021)	(23,515)
Operating loss		(212)	-
Bank interest receivable		212	-
Profit on ordinary activities before tax		-	-
Tax on profit on ordinary activities		-	-
Profit on ordinary activities after tax		-	-

There are no other recognised gains or losses other than the result shown above. All operations are continuing.

The notes on pages 7 and 8 form part of these financial statements.

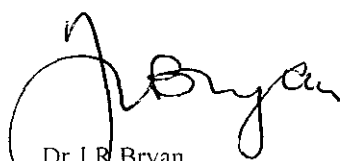
Albion Water Limited

(formerly Albion Water (Shotton) Limited)

Balance sheet as at 31 March 2001

	Note	2001 £	2000 £
Current assets			
Debtors	5	191,662	354,262
Cash at bank and in hand		165,308	2,182
		356,970	356,444
Creditors - amounts falling due within one year	6	(356,969)	(356,443)
Net current assets		1	1
Total assets less current liabilities		1	1
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account		-	-
Equity shareholders' funds		1	1

These financial statements were approved by the Board on 6 December 2001 and signed on its behalf by:



Dr J R Bryan
Director

The notes on pages 7 and 8 form part of these accounts

Albion Water Limited

(formerly Albion Water (Shotton) Limited)

Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

Basis of preparation

The accounts have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services during the period.

Cash flow statement

The company has taken the advantage of the exemption granted by paragraph 5(a) of Financial Reporting Standard 1 and has not published a cash flow statement.

Albion Water Limited

(formerly Albion Water (Shotton) Limited)

Notes to the financial statements for the year ended 31 March 2001

1 Turnover

Turnover and profit before taxation are attributable to the principal activity carried on wholly within the United Kingdom.

2 Administrative expenses

The auditors' remuneration in the current year and the preceding year was borne by the immediate parent company.

3 Staff costs

The company did not directly employ any staff (2000: nil).

4 Directors' remuneration

The directors did not receive any emoluments during the year (2000: £Nil).

5 Debtors

	2001	2000
	£	£
Trade debtors	48,035	354,262
Recoverable VAT	3,627	-
Accrued income	140,000	-
	191,662	354,262

Albion Water Limited

(formerly Albion Water (Shotton) Limited)

6 Creditors – Amounts falling due within one year

	2001	2000
	£	£
Trade creditors	155,781	350,153
Other creditors including taxation and security	-	6,290
Intercompany	63,188	-
Accruals	138,000	-
	356,969	356,443

7 Called up share capital

	2001	2000
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Issued, allotted and fully paid		
1 ordinary shares of £1	1	1

8 Parent company

The parent company is Enviro-Logic Limited which is registered in England. Enviro-Logic Limited produces group financial statements. Enviro-Logic Limited is owned jointly by individuals and Pennon Group Plc. Group financial statements for the Pennon Group are included in the Annual Report of Pennon Group Plc which is available from Peninsula House, Rydon Lane, Exeter, EX2 7HR.

The financial statements of Enviro-Logic Limited are available upon request in writing to the Company Secretary, Enviro-Logic Limited, Peninsula House, Rydon Lane, Exeter, EX2 7HR.

9 Related party transactions

The company has not disclosed transactions with any group members on the grounds that 100% of the voting rights are controlled within the group, and that the consolidated accounts in which the company is included are publicly available.