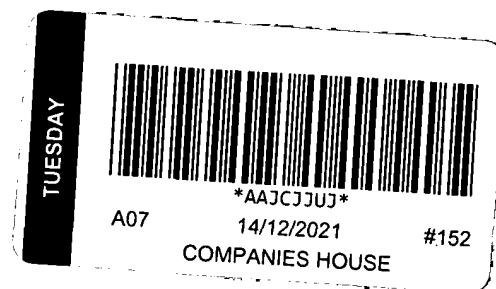


North West Water International Limited

Report and Financial Statements

31 March 2021



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Registered No: 2374797

Directors, advisers and other information

Directors

DA Hill

UU Secretariat Limited

Secretary

UU Secretariat Limited

Auditor

KPMG LLP

1 St Peter's Square

Manchester

M2 3AE

Registered office

Haweswater House

Lingley Mere Business Park

Lingley Green Avenue

Great Sankey

Warrington

WA5 3LP

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2021 for North West Water International Limited, a private company limited by shares and incorporated and registered in England and Wales.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Strategic report

The company meets the size criteria required to qualify as a small company and is therefore not required to provide a strategic report. The company's operations have not been materially impacted by the Covid-19 pandemic.

Principal activities

The principal activity of the company was to develop overseas water and wastewater opportunities for the United Utilities group by way of consulting services and major operating concession contracts, along with holding interests in overseas contracts and investments. The company did not carry out its principal activity during the current or prior year, and does not anticipate doing so in the future, and the only activity now recorded in the company relates to resolution of the matters discussed below.

Going concern

As the company did not trade during the current or prior year and does not anticipate trading in the future, and given that its only remaining subsidiary was liquidated in February 2021 by the Thai Ministry of Commerce, the financial statements have been prepared on a basis other than that of a going concern. The effect of this is explained in note 1. The company has reviewed its position in light of the Covid-19 situation. At the date of signing of these financial statements, no further revenues are expected. It is not possible to predict when the effects of the Covid-19 pandemic will cease to be felt, but we believe at this stage that its impact will not be material to the longer term position of the company based on performance since the outbreak began.

Business review

The company was a partner in a consortium known as the NOSS Consortium (the "Consortium"), which was engaged in the construction of a sewerage treatment works and associated sewerage network in Bangkok which commenced in late 1993 following the submission of a tender in 1992. The contract value at the time of the award was £150 million and the contract period was 38 months.

The contract was affected by delays and additional work as a result of changes to the specification required by the client's engineer and the failure of the client to provide appropriate possession of essential sites. As a consequence of these problems, a provision of £83 million was charged to the profit and loss account in the year ended 31 March 1997. This reflected a decision by the client to cease negotiations on the increased costs that the project had incurred indicating at that time that the Consortium should register a formal dispute and seek recovery through arbitration.

On 6 March 1998, the Consortium terminated the contract and issued a notice of arbitration against the client. Despite termination of the contract in March 1998 the Bangkok Metropolitan Administration ("BMA") issued termination notices in June 1999 and purported to terminate the contract in September of the same year. In October 1999, the BMA made a call on the various performance and advance payment bonds to the value of £11.4 million.

An arbitral hearing took place on 3 June 2011, in which this dispute was settled and the settlement agreement was signed by both parties. A letter releasing the company from its performance bond was also received by the company on the same date. On 14 June 2011, a settlement sum of £6.2 million was paid to the client.

On 12 July 2012 the Consortium was dissolved under Thai law. The Consortium filed liquidation accounts on 22 October 2012, and the liquidation of the Consortium was completed on 11 May 2016.

Directors' report

In respect of the company's Thai subsidiary Water Resources Limited ("WRL"), dissolution of the company was registered with the Thai Ministry of Commerce on 26 July 2016, and liquidation of the company in accordance with Thai law and practice commenced on 10 August 2016. The completion of the liquidation of WRL was registered with the Thai Ministry of Commerce on 2 May 2017 and its Thai Tax Identification number was surrendered to the Thai Revenue Department in accordance with Thai practice on 25 May 2017.

The dissolution of the company's only remaining Thai subsidiary, Manta Management Services Limited, was registered with the Thai Ministry of Commerce on 22 February 2018, and the liquidation completed in February 2021.

Directors

The directors who held office during the year and to date are given below:

DA Hill

UU Secretariat Limited

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

Disclosure of information to the auditor

Each of the persons who is a director 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 they ought to have taken as a director to make themselves 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.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the board and signed on its behalf by:



DA Hill

Director

8 December 2021

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

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 financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility 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 North West Water International Limited

Opinion

We have audited the financial statements of United Utilities International Limited ("the company") for the year ended 31 March 2021 which comprise the Income Statement, Statement of Financial Position and Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter - non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes and audit committee/risk committee minutes relating to the ultimate parent, United Utilities Group PLC.
- Considering remuneration incentive schemes and performance targets for directors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not

Independent auditor's report

to the members of North West Water International Limited

believe there is a fraud risk related to revenue recognition because there are no revenue transactions other than interest income, dividend income and intragroup revenue.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included / those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and liquidity and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and

Independent auditor's report

to the members of North West Water International Limited

performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 financial statements 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; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could

Independent auditor's report

to the members of North West Water International Limited

reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Ian Griffiths (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square

Manchester

M2 3AE

9 December 2021

Income statement

for the year ended 31 March

	Note	2021 £000	2020 £000
Net Operating expenses		2	(14)
Impairment of investment		(11)	(1)
Operating loss	2	(9)	(15)
Finance expense	4	(710)	(1,239)
Loss before tax		(719)	(1,254)
Tax	5	-	-
Loss after tax		(719)	(1,254)

All of the results shown above relate to discontinuing operations.

The company had no recognised gains or losses in either year other than those contained in the income statement. Accordingly, a separate statement of other comprehensive income for the period has not been prepared.

Statement of financial position

for the year ended 31 March

	Note	2021 £000	2020 £000
ASSETS			
Current assets			
Investments	6	29	40
Total assets		<u>29</u>	<u>40</u>
LIABILITIES			
Current liabilities			
Trade and other payables	7	(93,422)	(92,712)
Borrowings	8	(33)	(35)
Total liabilities		<u>(93,455)</u>	<u>(92,747)</u>
Total net liabilities		<u>(93,426)</u>	<u>(92,707)</u>
EQUITY			
Capital and reserves attributable to equity holders of the company			
Share capital	9	-	-
Share premium account		45,000	45,000
Retained earnings		(138,426)	(137,707)
Shareholders' equity		<u>(93,426)</u>	<u>(92,707)</u>

The financial statements of North West Water International Limited, registered number 2374797, have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime and were approved by the board of directors and authorised for issue on 8 December 2021. They were signed on its behalf by:

DA Hill

DA Hill
Director

Statement of changes in equity

for the year ended 31 March

	Share capital £000	Share premium account £000	Retained earnings £000	Total £000
At 1 April 2019	-	45,000	(136,453)	(91,453)
Loss after tax	-	-	(1,254)	(1,254)
At 31 March 2020	-	45,000	(137,707)	(92,707)
Loss after tax	-	-	(719)	(719)
At 31 March 2021	-	45,000	(138,426)	(93,426)

Notes to the financial statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards and applicable company law.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) and so the financial statements have been prepared in accordance with FRS 101 *Reduced Disclosure Framework*. As such the recognition and measurement requirements of EU-adopted IFRS have been applied, with amendments where necessary in order to comply with Companies Act 2006 and The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 as these are Companies Act 2006 accounts.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to accounting policies, cash flow statements, related party transactions, and certain comparative information.

Where required, equivalent disclosures are given in the group accounts of United Utilities Group PLC. The group accounts of United Utilities Group PLC are available to the public and can be obtained as set out in note 11. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Exemption from preparing group financial statements

The financial statements contain information about North West Water International Limited as an individual company. At 31 March 2021, the company was exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking were included by full consolidation in the financial statements of its ultimate parent United Utilities Group PLC, a company incorporated in Great Britain and registered in England and Wales.

Going concern

As the company did not trade during the current or prior year and does not anticipate trading in the future, and given that the dissolution of its only remaining subsidiary was registered with the Thai Ministry of Commerce during the prior period, with liquidation expected to be completed during 2021, the financial statements have been prepared on a basis other than that of a going concern. The recognition and measurement requirements of EU-adopted IFRS have continued to be applied, with the decision to prepare the financial statements on a basis other than that of a going concern having had no material impact compared with if they had been prepared on a going concern basis. No adjustments were necessary to the amounts at which the remaining assets and liabilities are included in the financial statements.

Finance expense

Finance expenses are recognised in the income statement in the period in which they are accrued.

Tax

The tax expense represents current tax.

Current tax

Current tax, being UK corporation tax, is based on the taxable loss for the period and is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at each reporting date. Taxable loss differs from the net loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Notes to the financial statements (continued)

1. Accounting policies (continued)

Current tax is charged or credited in the income statement, except when it relates to items charged or credited to equity, in which case the corporation tax is also dealt with in equity.

Investments

Investments are stated at cost less provision for impairment.

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rates applicable on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated into sterling at the relevant rates of exchange applicable on that date. Gains and losses arising on retranslation are included in net profit or loss for the period.

2. Operating loss

Operating loss is stated after charging	2021 £000	2020 £000
Impairment of investment	11	1
Net foreign exchange losses	-	1

The impairment relates to the investment in Manta Management Services Limited.

The auditor's remuneration for the statutory audit of the company was borne by another group undertaking in the current and prior year. The amount attributable but not recharged to North West Water International Limited was £2,000 (2020: £2,000). There were no non-audit services provided by the auditor to the company in either year.

3. Staff numbers and costs

There have been no employees of the company during the year, other than the directors (2020: same). The directors' emoluments are borne by other group companies and are not recharged (2020: same). This is because no material qualifying services were rendered to the company by the directors during the year.

4. Finance expense

	2021 £000	2020 £000
Interest payable to immediate parent company	710	1,239

5. Tax

(a) Analysis of the tax charge for the year

The tax charge is made up as follows:	2021 £000	2020 £000
Current tax		
Total current tax charge (note 5(b))	-	-

Notes to the financial statements (continued)

5. Tax (continued)

(b) Factors affecting the current tax charge for the year

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

	2021 £000	2020 £000
Loss before tax	(719)	(1,254)
Loss on ordinary activities multiplied by the standard rate of corporation tax in UK of 19%	(137)	(238)
Net expenses not deductible	137	238
Current tax charge (note 5(a))	-	-

6. Investments

Unlisted investments

	Subsidiaries £000
Cost:	
At 1 April 2020 and 31 March 2021	86
Provision for impairment:	
At 1 April 2020	(46)
Impairment charged to profit or loss	(11)
At 31 March 2021	(57)
Net book value:	
At 31 March 2020	40
At 31 March 2021	29

Notes to the financial statements (continued)

6. Investments (continued)

Name	Shares held	Proportion of voting rights held	Nature of business
<i>Subsidiaries</i>			
Manta Management Services Limited	199,998 THB100.00 ordinary shares	99.9%	To administrate the formal dispute and legal proceedings against Bangkok Metropolitan Administration

Manta Management Services Limited (incorporated in Thailand) was dissolved in accordance with Thai law on 22 February 2018, and liquidation of the company commenced on 7 March 2018.

During the year ended 31 March 2018 the company purchased 102,000 shares at a value of £32,347 in Manta Management Services and subsequently realised £21,880 through a repayment of share capital.

As a result of the liquidation of the company, the investment in Manta Management Services is measured based on the expected recoverable amount on remittance of the monies from Thailand. The impairment charged during the year represents the amount required to reduce the value of the investment to the expected recoverable amount.

7. Trade and other payables

	2021 £000	2020 £000
Amounts owed to immediate parent undertaking	93,413	92,703
Other payables	9	9
	<u>93,422</u>	<u>92,712</u>

8. Borrowings

	2021 £000	2020 £000
Amounts owed to subsidiary undertaking	<u>33</u>	<u>35</u>

9. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
12 ordinary shares of £1.00 each	<u>12</u>	<u>12</u>

Notes to the financial statements (continued)

10. Ultimate parent undertaking

The company's immediate parent undertaking is United Utilities PLC, a company incorporated in England and Wales.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is United Utilities Group PLC, a company incorporated in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by United Utilities PLC. The consolidated accounts of this group are available to the public and may be obtained from: The Company Secretary, United Utilities PLC, Haweswater House, Lingley Mere Business Park, Lingley Green Avenue, Great Sankey, Warrington, WA5 3LP.

The largest group in which the results of the company are consolidated is that headed by United Utilities Group PLC. The consolidated accounts of this group are available to the public and may be obtained from: The Company Secretary, United Utilities Group PLC, Haweswater House, Lingley Mere Business Park, Lingley Green Avenue, Great Sankey, Warrington, WA5 3LP.