

Registered No 3455575

Birchpoint No.1

Report and Financial Statements

31 March 2011

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Birchpoint No 1

Registered No 3455575

Directors, advisors and other information

Directors

SR Gardiner

IJA Plenderleith

Secretary

UU Secretariat Limited

Auditor

Deloitte LLP

PO Box 500

2 Hardman Street

Manchester

M60 2AT

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 2011. The directors' report has been prepared in accordance with the special provisions relating to small companies of the Companies Act 2006. Accordingly, no enhanced business review has been prepared.

Principal activities and review of business

The principal activity of the company is to act as a financing company. The company is expected to continue to act as a financing company.

Going concern

The directors' considerations in preparing these financial statements on a going concern basis are set out in note 1.

Directors

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

C Cornish (resigned 30 September 2010)
SR Gardiner
IJA Plenderleith

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

Results and dividends

The company recorded a profit for the year of £1,047,408 (2010: £286,544). During the year £1,128,600 (2010: £1,230,800) of share capital was cancelled and distributed. The directors do not recommend the payment of an ordinary dividend (2010: £nil).

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

1. so far as he or she is aware, there is no relevant audit information of which the company's auditor is unaware, and
2. he or she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself 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

During the year, following a thorough tender process, the United Utilities Group PLC's (the group) audit committee recommended to the group's board that KPMG Audit Plc be appointed auditor to the group and its subsidiary undertakings, following the conclusion of Deloitte LLP's audit of the 2011 financial statements. Deloitte LLP will therefore resign as auditor to the company and KPMG Audit Plc will be appointed to fill a casual vacancy. In the absence of an annual general meeting KPMG Audit Plc will thereafter be deemed to be reappointed as auditor to the company.

Approved by the board and signed on its behalf by



JL Gilmore
For and on behalf of UU Secretariat Limited
Company Secretary
30 September 2011

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing their 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 the directors have elected to prepare the financial statements 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 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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 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 Birchpoint No. 1

We have audited the financial statements of Birchpoint No 1 for the year ended 31 March 2011 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes 1 to 9. 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 financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements 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 financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report

to the members of Birchpoint No. 1

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 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
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report



Jane Boardman (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, UK
30 September 2011

Profit and loss account

For the year ended 31 March 2011

	Note	2011 £	2010 £
Administrative expenses		(1,000)	(957)
Operating loss	2	(1,000)	(957)
Interest receivable and similar income	3	1,455,734	398,935
Profit on ordinary activities before taxation		1,454,734	397,978
Taxation on profit on ordinary activities	4	(407,326)	(111,434)
Profit after taxation	8	1,047,408	286,544

All of the results shown above relate to continuing operations

The company had no recognised gains or losses, in either year, other than those contained in the profit and loss account. Accordingly, a separate statement of total recognised gains and losses has not been prepared.

Balance sheet

At 31 March 2011

	Note	2011 £	2010 £
Current assets			
Debtors	5	207,459,865	90,059,903
Creditors: amounts falling due within one year	6	(1,720,971)	(2,444,136)
Net current assets and net assets		<u>205,738,894</u>	<u>87,615,767</u>
Capital and reserves			
Called up share capital	7	146,551,525	29,475,806
Share premium account	8	54,976,761	54,976,761
Capital redemption reserve	8	3,945,328	2,816,728
Profit and loss account	8	265,280	346,472
Shareholders' funds		<u>205,738,894</u>	<u>87,615,767</u>

The financial statements of Birchpoint No 1, registered number 3455575, were approved by the board of directors and authorised for issue on **30** September 2011. They were signed on its behalf by



SR Gardiner
Director

Reconciliation of movements in shareholders' funds

For the year ended 31 March 2011

	Note	2011 £	2010 £
Profit after taxation	8	1,047,408	286,544
New share capital subscribed	8	118,204,319	59,118,535
Cancellation and distribution of own shares	8	(1,128,600)	(1,230,800)
Net addition to shareholders' funds	8	118,123,127	58,174,279
Opening shareholders' funds	8	87,615,767	29,441,488
Closing shareholders' funds	8	205,738,894	87,615,767

Notes to the financial statements

At 31 March 2011

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

The company is profitable and has net assets that are considered by the directors to be fully recoverable, on this basis, the directors believe it is appropriate to prepare the accounts on a going concern basis

Cash flow statement

At 31 March 2011, the company was a wholly owned subsidiary of United Utilities B V and was included in the consolidated financial statements of United Utilities Group PLC, which are publicly available. Consequently the company is exempt under the terms of Financial Reporting Standard 1 (revised) 'Cash flow statements' from publishing a cash flow statement

Related party transactions

As the company is a wholly owned subsidiary of the group headed by United Utilities Group PLC, it has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related party transactions' not to disclose transactions or balances with entities which form part of the group

During the year no transactions were entered into with related parties other than with other group companies in the normal course of business

Taxation

Current taxation, including UK corporation tax and foreign tax, is based on the taxable profit for the period and is provided at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantively enacted at the balance sheet date

2. Operating loss

Operating loss is stated after charging

	2011	2010
	£	£
Auditor's remuneration audit of financial statements	1,000	1,000

The directors' emoluments are borne by other group companies and are not recharged in the current or previous financial year (2010 £nil). This is because a fair apportionment is not possible as services are provided to multiple entities

There were no employees of the company during the year (2010 nil)

There were no non-audit services provided by the auditor to the company in either year

Notes to the financial statements (continued)

At 31 March 2011

3. Interest receivable

	2011 £	2010 £
Interest receivable from intermediate parent company	1,096,708	96,492
Interest receivable from fellow subsidiary undertaking	359,026	302,443
	<u>1,455,734</u>	<u>398,935</u>

4. Taxation on profit on ordinary activities

(a) Analysis of the tax charge for the year

	2011 £	2010 £
Current tax		
Group relief payable at 28% (2010 28%) (note 4(b))	407,326	111,434
	<u>407,326</u>	<u>111,434</u>

(b) Factors affecting the tax charge for the year

The table below reconciles the notional tax charge at the UK corporation tax rate to the actual charge for taxation

	2011 £	2010 £
Profit on ordinary activities before taxation	1,454,734	397,978
Tax on profit on ordinary activities at 28% (2010 28%)	407,326	111,434
Current tax charge (note 4(a))	<u>407,326</u>	<u>111,434</u>

5. Debtors

	2011 £	2010 £
Amounts owed by intermediate parent company	166,526,433	55,073,256
Amounts owed by fellow subsidiary undertakings	40,933,432	34,986,647
	<u>207,459,865</u>	<u>90,059,903</u>

Included in debtors is £146,551,525 (2010 £29,475,806) relating to share capital not fully paid

Notes to the financial statements (continued)

At 31 March 2011

6. Creditors: amounts falling due within one year

	2011 £	2010 £
Amounts owed to fellow subsidiary undertakings	1,202,212	2,332,702
Amounts owed to intermediate parent company group relief payable	518,759	111,434
	<u>1,720,971</u>	<u>2,444,136</u>

7. Called up share capital

	2011 £	2010 £
Allotted, called up but not fully paid		
146,551,525 (2010 29,475,806) ordinary shares of £1 00 each	146,551,525	29,475,806

During the year 118,204,319 (2010 4,141,774) ordinary shares of £1 00 each were issued to United Utilities B V for a total consideration of £118,204,319 (2010 £59,118,535) and 1,128,600 (2010 1,230,800) ordinary shares of £1 00 each were cancelled

8. Capital and reserves

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total shareholders' funds £
At 1 April 2010	29,475,806	54,976,761	2,816,728	346,472	87,615,767
Profit for the year	-	-	-	1,047,408	1,047,408
New share capital subscribed	118,204,319	-	-	-	118,204,319
Cancellation and distribution of own shares	(1,128,600)	-	1,128,600	(1,128,600)	(1,128,600)
At 31 March 2011	<u>146,551,525</u>	<u>54,976,761</u>	<u>3,945,328</u>	<u>265,280</u>	<u>205,738,894</u>

9. Ultimate parent undertaking

The company's immediate parent undertaking was United Utilities B V , a company incorporated in the Netherlands

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

The smallest group in which the results of the company were consolidated was 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 were consolidated was 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