Registered No 2380021

United Utilities Property Services Limited

Report and Financial Statements

31 March 2012

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Registered No 2380021

Directors, advisers and other information

Directors
SR Gardiner
PM Steer
JRM Uttley
UU Secretariat Limited

Secretary
UU Secretariat Limited

Auditor
KPMG Audit Plc
St James Square
Manchester
M2 6DS

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 2012

Results and dividends

The company recorded a profit for the year of £4,727,000 (2011 £4,743,000) The directors do not recommend the payment of an ordinary dividend (2011 £nil)

Principal activities and review of business

The company's principal activities are property trading, property investment and the provision of property management services During the year, property disposals of offices, depots and houses continued to contribute to the performance of the business The directors consider the company to be in a strong position to add value to the business in the future

The company realises value from its own substantial development portfolio

As shown in the company's profit and loss account on page 7, the company's turnover increased by 4% and profit before tax decreased by 18% during the year

The decrease in profit before tax can be largely attributed to an increase in cost of sales (excluding exceptional items) of £2,052,000 and the reduction in exceptional administration credits of £6,315,000, partially offset by a decrease in administration costs (excluding exceptional items) of £1,882,000, an increase in dividend income of £1,451,000 and a decrease in exceptional cost of sales charges of £3,236,000

Going concern

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

Principal risks and uncertainties

The principal risks facing the business going forward are set out below

Decline in the property market/recession

The company's results have been affected by the downturn in the property market combined with the effect of national and global economics The macro economic situation both globally and nationally is assessed and monitored through professional liaison, networking and board reports each month The directors have reviewed the strategy for all significant sites and are satisfied that each would deliver a profit on sale if they were to be sold in the current economic climate

Planning regime

There is a risk that the planning regime tightens, leading to delays in realising site potential or loss of profits on particular sites The planning team continually reviews planning legislation and restrictions and any changes are reported to the board of directors via monthly reports

Political and charitable donations

The company made no political contributions during the year (2011 £nil) The company made no charitable donations (2011 £nil) during the year

Directors' report (continued)

Policy on the payment of creditors
The company does not follow any specific external code or standard on payment practice Its policy is to pay suppliers according to terms of business agreed with them on entering into binding contracts and to keep to the payment terms, provided that the relevant goods or services have been supplied in accordance with the contracts The company had 5 days (2011 47 days) of purchases outstanding at the end of the financial year

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

SR Gardiner
PM Steer
JRM Uttley
UU Directorate Limited (resigned 19 August 2011)
UU Secretariat Limited (appointed 19 August 2011)

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

1 so far as he/she is aware, there is no relevant audit information of which the company's auditor is unaware, and
2 he/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 Deloitte LLP resigned as auditor of the company and KPMG Audit Plc were appointed

Appropriate arrangements have been put in place for KPMG Audit Plc to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the board and signed on its behalf by

P.M. Steer

PM Steer
Director
25 September 2012

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 United Utilities Property Services Limited

We have audited the financial statements of United Utilities Property Services Limited for the year ended 31 March 2012 set out on pages 7 to 22 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 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 (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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

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

John Costello (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St James Square
Manchester
M2 6DS
14 September 2012

Profit and loss account

For the year ended 31 March 2012

	Note	2012 £000	2011 £000
Turnover	1	12,886	12,342
Cost of sales (including exceptional charge of £nil (2011 £3,236,000)	2	(3,379)	(4,563)
Gross profit		9,507	7,779
Administrative expenses (including exceptional credit of £nil (2011 £6,315,000)	2	(5,449)	(1,016)
Operating profit	2	4,058	6,763
Interest receivable and similar income	4	145	109
Interest payable and similar charges	5	(429)	(474)
Dividend income	6	1,798	-
Profit on ordinary activities before taxation		5,572	6,398
Taxation on profit on ordinary activities	7	(845)	(1,655)
Profit after taxation	15	4,727	4,743

All of the results shown above relate to continuing operations

Statement of total recognised gains and losses

For the year ended 31 March 2012

	Note	2012 £000	2011 £000
Profit after taxation		4,727	4,743
Actuarial loss relating to defined benefit pension schemes	13	-	(2,400)
Deferred tax relating to actuarial loss	7	-	624
Total gains recognised since last annual report		4,727	2,967

Balance sheet

As at 31 March 2012

	Note	2012 £000	2011 £000
Fixed assets			
Tangible assets	8	100	152
Investments	9	-	-
		100	152
Current assets			
Stocks – properties held for resale		45,949	48,156
Debtors amounts falling due within one year	10	2,651	7,736
Debtors amounts falling due after one year	10	4,829	3,978
Cash at bank and in hand		30	78
		53,459	59,948
Creditors amounts falling due within one year	11	(33,439)	(44,596)
Net current assets		20,020	15,352
Total assets less current liabilities		20,120	15,504
Provisions for liabilities	12	(80)	(191)
Net assets		20,040	15,313
Capital and reserves			
Called up share capital	14	10,000	10,000
Profit and loss account	15	10,040	5,313
Shareholders' funds	15	20,040	15,313

The financial statements of United Utilities Property Services Limited, registered number 2380021, were approved by the board of directors and authorised for issue on 25 September 2012 They were signed on its behalf by

PM Steer

PM Steer
Director

Reconciliation of movements in shareholders' funds

As at 31 March 2012

	Note	2012 £000	2011 £000
Profit after taxation		4,727	4,743
Actuarial loss relating to defined benefit pension schemes	13	-	(2,400)
Deferred tax relating to actuarial loss	7	-	624
Net increase in shareholder's funds		4,727	2,967
Opening shareholders' funds		15,313	12,346
Closing shareholders' funds		20,040	15,313

Notes to the financial statements

At 31 March 2012

1. Accounting policies

Basis of accounting

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

The company made a profit and has net assets The latest approved financial projections produced by the directors for the 12 months from the date of approval of these accounts, show that the company will continue to be profitable and cash generative On this basis, the directors believe it is appropriate to prepare the accounts on a going concern basis

Exemption from preparing group financial statements

The financial statements contain information about United Utilities Property Services Limited as an individual company and do not contain consolidated financial information as a parent of a group At 31 March 2012, 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 undertakings 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

Cash flow statement

At 31 March 2012, the company was a wholly owned subsidiary of United Utilities PLC and was included in the consolidated financial statements of United Utilities Group PLC, which are publicly available and which include a consolidated cash flow statement 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, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related party transactions' not to disclose transactions or balances with other wholly owned subsidiaries which form part of the group See note 16

Turnover

Turnover represents the income (excluding value added tax) from property sales, rents receivable, service charges and miscellaneous fees All turnover is derived from activities in the United Kingdom relating to the company's principal activities

Turnover from property sales is recognised on contract completion Rents receivable are recognised as per the timing of the transfer of risks and rewards as dictated by lease terms Miscellaneous fees are recognised on completion of work performed which is the point at which the customer accepts the work and the risks and rewards are transferred

Cost of sales

Cost of sales comprises the book value of properties sold and any associated disposal costs

Taxation

The taxation expense represents the sum of current taxation and deferred taxation

Current taxation

Current taxation being UK corporation tax is based on the taxable profit for the year 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

Taxable profit differs from the net profit as reported in the profit and loss account 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)

At 31 March 2012

1. Accounting policies (continued)

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, and
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Tangible fixed assets

Tangible fixed assets comprise computer hardware and purchased software included at cost The assets are depreciated by writing off their cost less their estimated residual value in equal amounts over their estimated useful economic life as follows

- Computer hardware 3 years
- Computer software 7 years

The carrying values of fixed assets are reviewed for impairment wherever circumstances indicate that the carrying value of such assets may not be recoverable

Stocks

Properties held for re-sale are stated at the lower of cost and net realisable value Cost includes the cost of acquisition, professional fees, any construction or other enhancement costs

Pensions

During the prior year, all the employees of United Utilities Property Services Limited transferred to United Utilities Water PLC The pension schemes' obligations relating to these employees transferred to United Utilities Water PLC at the same time

Until the date of transfer, the company participated in the following pension schemes sponsored by the United Utilities group the United Utilities Pension Scheme (UUPS) and the United Utilities PLC Group of the Electricity Supply Pension Scheme (ESPS) UUPS has both a defined benefit section and a defined contribution section, the defined contribution section constituting around two per cent of the total asset value of UUPS

ESPS is a defined benefit scheme Both defined benefit schemes are closed to new employees Under FRS 17 'Retirement Benefits', the current service cost is calculated using the Projected Unit Credit Method and will therefore increase as the members of the scheme approach retirement

The pension schemes were independent of the company's finances

Actuarial valuations of the defined benefit schemes are performed at intervals of not more than three years and the rates of contribution payable are determined on the advice of the scheme actuary for each scheme having regard to the results of these actuarial valuations

Notes to the financial statements (continued)

At 31 March 2012

1. Accounting policies (continued)

Pensions (continued)

The cost of providing pensions was expensed in line with the requirements of FRS 17 The actuarial assumptions adopted were determined by the company after taking advice from the company's actuarial advisors, Mercer Limited The actuarial assumptions adopted affected the operating results and are disclosed in note 13, they include assumptions for the long-term investment return expected to be achieved on the schemes' assets and the long-term increases expected to apply to pensionable earnings, pension increases and deferred pension increases Actual experience may differ from the assumptions adopted

Share-based compensation arrangements

The United Utilities group operates equity-settled, share-based compensation plans in the shares of United Utilities Group PLC In accordance with the transitional provisions, FRS 20 'Share-based Payment' has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 April 2004

Equity-settled share-based payments are measured at fair value at the date of grant The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on estimates of the number of options that are expected to vest Fair value is based on both simulation and binomial models, according to the relevant measures of performance

At each balance sheet date, United Utilities Group PLC revises its estimate of the number of options that are expected to become exercisable with the impact of any revision being recognised in the income statement, and a corresponding adjustment to equity over the remaining vesting period The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised United Utilities Property Services Limited is recharged the amount expensed under FRS 20 that relates to the company's employees which is £nil in relation to the year ended 31 March 2012 (2011 £61,000)

Leased assets

Leases are classified according to the substance of the transaction A lease that transfers substantially all the risks and rewards of ownership to the lessee is classified as a finance lease All other leases are classified as operating leases

Operating leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

2. Operating profit

	2012 £000	2011 £000
Operating profit is stated after charging		
Depreciation	52	53
Auditor's remuneration audit of the financial statements	10	10
Operating leases land and buildings	137	30
Release of provision	111	-

There were no non-audit services provided by the auditor to the company in either year The 2010/11 costs of £1,000 relate to services provided by the group's previous auditor, Deloitte LLP

Included within prior year cost of sales is an exceptional charge of £3,236,000 relating to the write down in value of three properties

Included within prior year administrative expenses is a net exceptional credit of £6,315,000 This net credit comprised the release of accruals which were no longer deemed to be required of £3,486,000 and a pension schemes curtailment gain of £2,900,000 (curtailment gain arising on amendment of pension obligations) (see note 13) and a restructuring credit of £16,000, which were partly offset by reorganisation costs of £87,000

Notes to the financial statements (continued)

At 31 March 2012

3. Wages and salaries

Directors' remuneration

	2012 £000	2011 £000
Salaries	-	225
Post-employment benefits	-	41
	-	266

The emoluments, excluding pension contributions, of the highest paid director were £nil (2011 £123,000) Pension payments made by the company in respect of the highest paid director were £nil (2011 £24,000) and the accrued pension payable to the highest director was £nil (2011 £42,000 per annum) All directors are members of a defined benefit pension scheme within another group company (2011 same)

All director's emoluments are borne by another group company and are not recharged This is because a fair apportionment is not possible as services are provided to multiple entities

There have been no employees of the company during the year, other than the directors (2011 nil, other than the directors) The company was re-charged £636,000 (2011 £nil) for services provided to the company by employees of other group companies

Staff numbers

The average number of employees (including directors) during the year, analysed by category, was as follows

	2012 Number	2011 Number
Managers	-	14
Staff	-	17
	-	31

Staff costs including directors

	2012 £000	2011 £000
Wages and salaries	-	1,442
Social security costs	-	129
Pension costs		
- pension costs excluding curtailment gains arising on amendment of pension obligations	-	240
- pension schemes curtailment gains (see note 13)	-	(2,900)
Share-based payments	-	61
	-	(1,028)

4. Interest receivable and similar income

	2012 £000	2011 £000
Unwind of discount on deferred consideration	145	-
Other interest receivable	-	109
	145	109

Notes to the financial statements (continued)

At 31 March 2012

5. Interest payable and similar charges

	2012 £000	2011 £000
Interest payable to group undertaking	429	474

6. Dividend income

	2012 £000	2011 £000
Dividends received from United Utilities Property Solutions (10010) Limited (see note 9)	1,451	-

7. Taxation on profit on ordinary activities

(a) Taxation on profit on ordinary activities

The tax charge is made up as follows:

	2012 £000	2011 £000
Current tax		
UK corporation tax on profit for the year	790	670
Adjustments in respect of prior periods	-	(41)
Total current tax charge (see note 7(b))	790	629
Deferred tax		
Origination and reversal of timing differences	34	977
Effect of change in rate applied to opening deferred tax balance	21	48
Adjustments in respect of prior periods	-	1
Total deferred tax charge (see note 7(c))	55	1,026
Tax charge on profit on ordinary activities	845	1,655

(b) Factors affecting the charge for the year

	2012 £000	2011 £000
Profit on ordinary activities before taxation	5,572	6,398
Profit on ordinary activities multiplied by the standard rate of corporation tax in UK of 26% (2011 28%)	1,449	1,791
Fixed asset timing differences	2	1
Pension movement	-	(952)
Other short-term timing differences	(39)	(101)
Adjustments in respect of prior periods	-	(41)
Dividend income not taxable	(467)	-
Expenses not deductible for tax purposes	(155)	(69)
Current tax charge (see note 7(a))	790	629

Notes to the financial statements (continued)

At 31 March 2012

7. Taxation on profit on ordinary activities (continued)

(c) Deferred tax

	2012 £000	2011 £000
Deferred tax balance (see note 10)	(215)	(270)

	£000
At 1 April 2011	(270)
Charge in profit and loss account (see note 7(a))	55
Credit in the statement of total recognised gains and losses	-
At 31 March 2012	(215)

The deferred tax asset which has been fully recognised at 31 March 2012 is as follows

	2012 £000	2011 £000
Fixed asset timing differences	(18)	(18)
Other short-term timing differences	(197)	(252)
Undiscounted deferred tax asset	(215)	(270)

The 2012 Budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively

8. Tangible fixed assets

	Computer hardware and software £000
Cost	
At 1 April 2011 and 31 March 2012	547
Depreciation	
At 1 April 2011	395
Charge for the year	52
At 31 March 2012	447
Net book value at 31 March 2012	100
Net book value at 31 March 2011	152

Notes to the financial statements (continued)

At 31 March 2012

9. Fixed asset investments

Unlisted investments (shares in subsidiary undertakings and joint ventures)

	Shares in group and joint venture undertakings £000
Cost and net book value at 1 April 2011 and 31 March 2012	-

Name	Shares held	Proportion of voting rights held	Nature of business
Subsidiary undertakings			
E2U Limited	One £1 00 ordinary share	100%	Purchase and further development of properties
Joint ventures			
Lingley Mere Business Park Development Company Limited	One £1 00 A ordinary share	50%	Project management of property development
Lingley Mere Management Company Limited	Seven £1 00 ordinary shares	6 731%	Estate management

Lingley Mere Business Park Development Company Limited holds one £1 00 A ordinary share which represents 100 per cent ownership in each of Lingley Mere Business Park Development Phase 1 Limited, Lingley Mere Business Park Development Phase 2 Limited and Lingley Mere Plot Development Limited and two £1 00 special shares in Lingley Mere Management Company Limited Lingley Mere Business Park Development Company Limited has effective control over the Lingley Mere Management Company Limited until the enfranchisement date (being the date when the business park is almost completely occupied) through its holding of two £1 00 special shares in Lingley Mere Management Company Limited

During the year a 100% subsidiary, United Utilities Property Solutions (10010) Limited was struck off the register of companies as part of a corporate simplification exercise The disposals resulted in a realisation value of £1,451,000 through receipt of dividends

Subsequent to the year end, Lingley Mere Business Park Development Phase 2 Limited and Lingley Mere Plot Development Limited were struck off on 17 July 2012

10. Debtors

	2012 £000	2011 £000
Amounts falling due within one year		
Trade debtors	1,546	1,774
Amounts owed by group undertakings		
Group tax relief receivable	65	5,266
Other	177	191
Prepayments and accrued income	646	235
Deferred tax (see note 7)	215	270
	2,649	7,736
Amounts falling due after one year:		
Amounts owed by related parties (see note 16)	2,002	2,000
Trade debtors	2,829	1,978
	4,831	3,978
	7,480	11,714

Notes to the financial statements (continued)

At 31 March 2012

11. Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	115	812
Amounts owed to group undertakings		
Other taxes and social security	92	729
Other	28,903	38,686
Other creditors	18	332
Accruals and deferred income	4,311	4,037
	33,439	44,596

12. Provisions for liabilities

Claims	Total £000
At 1 April 2011	191
Released to the profit and loss account	(111)
Utilised	-
At 31 March 2012	80

The claims provision principally relates to contractual claims against the company and represents management's best estimate of the value of the settlement and costs It is expected that contractual claims provisions will be settled within one year

13. Retirement benefits

During the prior year, all the employees of United Utilities Property Services Limited transferred to United Utilities Water PLC The pension schemes' obligations relating to these employees transferred to United Utilities Water PLC at the same time The difference between the pension schemes' assets and liabilities in respect of the transfer of these employees' past service resulted in a credit, which was included in the prior year profit and loss account as a 'settlement'

Until the date of transfer, the company participated in the following pension schemes sponsored by the United Utilities group the United Utilities Pension Scheme (UUPS) and the United Utilities PLC Group of the Electricity Supply Pension Scheme (ESPS) UUPS has both a defined benefit section and a defined contribution section, the defined contribution section constituting around two per cent of the total asset value of UUPS

The last actuarial valuations of UUPS and ESPS were carried out as at 31 March 2010 These valuations were updated to take account of the requirements of FRS 17 'Retirement benefits' in order to assess the position at 31 March 2011 by projecting forward from the dates of the respective valuations, and were been performed by an independent actuary, Mercer Limited

Notes to the financial statements (continued)

At 31 March 2012

13. Retirement benefits (continued)

The main financial assumptions used by the actuary were as follows

	2011 % p a
Discount rate	5 50
Expected return on assets – UUPS	5 65
Expected return on assets – ESPS	6 10
Pensionable salary growth – UUPS	3 35
Pension increases	3 35
Price inflation	3 35

The current life expectancies at age 60 underlying the value of the accrued liabilities for the schemes are

	2011 years
Retired member - male	25 1
Non-retired – male	26 6
Retired member – female	28 9
Non-retired member – female	30 4

Movements in the present value of the defined benefit obligations are as follows

	2011 £000
At 1 April 2010	(11,100)
Interest cost on schemes' obligations	(700)
Actuarial losses	(2,500)
Member contributions	(100)
Benefits paid	100
Current service cost	(100)
Past service cost	(100)
Business combinations	14,500
At 31 March 2011	-

Movements in the fair value of the schemes' assets were as follows

	2011 £000
At 1 April 2010	10,100
Expected return on schemes' assets	700
Actuarial gains	100
Member contributions	100
Benefits paid	(100)
Company contributions	700
Business combinations	(11,600)
At 31 March 2011	-

Notes to the financial statements (continued)

At 31 March 2012

13. Retirement benefits (continued)

The net pension income before taxation recognised in the profit and loss account in respect of the defined benefit schemes is summarised as follows

	2011 £000
Current service cost	(100)
Curtailments gains	2,900
Past service cost	(100)
Pension income credited to operating profit	2,700
Expected return on schemes' assets	700
Interest cost on schemes' obligations	(700)
Net pension income credited before taxation	2,700

The reconciliation of the opening and closing balance sheet position is as follows

	2011 £000
At 1 April 2010	(1,000)
Income recognised in the profit and loss account	2,700
Contributions paid	700
Actuarial losses gross of taxation	(2,400)
At 31 March 2011	-

Actuarial gains and losses are recognised directly in the statement of total recognised gains and losses At 31 March 2012, a cumulative pre-tax loss of £3,600,000 (2011 £3,600,000) had been recorded directly in the statement of total recognised gains and losses

The history of the schemes for the current and prior years is as follows

	2011 £000	2010 £000	2009 £000	2008 £000
Present value of defined benefit obligations	-	(11,100)	(8,300)	(11,800)
Fair value of schemes' assets	-	10,100	7,000	9,800
Net retirement benefit obligations	-	(1,000)	(1,300)	(2,000)
Experience adjustments on schemes', liabilities (£)	(1,600)	-	2,300	(300)
Percentage of scheme liabilities (%)	-	-	(27 7)	2 5
Experience adjustments on schemes' assets (£)	100	2,100	(3,900)	(1,500)
Percentage of scheme assets (%)	-	20 8	(55 7)	(15 3)

During the year, the company made £nil (2011 £40,000) of contributions to defined contribution schemes

Notes to the financial statements (continued)

At 31 March 2012

14. Called up share capital

	2012 £000	2011 £000
Allotted, called up and fully paid		
10,000,000 ordinary shares of £1 00 each	10,000	10,000

15. Capital and reserves

	Share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 April 2011	10,000	5,313	15,313
Profit after taxation	-	4,727	4,727
At 31 March 2012	10,000	10,040	20,040

16. Related parties

Amounts owed by related parties are as follows

	2012 £000	2011 £000
Lingley Mere Business Park Development Company Limited (see note 10)	2,000	2,000

Lingley Mere Business Park Development Company Limited is a 50% owned joint venture company established between United Utilities Property Services and Muse Developments Limited

17. Operating leases

The company is committed to make the following payments under non-cancellable operating leases during the next year

	Land and buildings 2012 £000	Land and buildings 2011 £000
Non-cancellable operating leases which expire		
Within one year	15	-
Between two and five years	88	-
After five years	30	30

18. Ultimate parent undertaking

The company's immediate parent undertaking is United Utilities PLC, a company incorporated in Great Britain

Notes to the financial statements (continued)

At 31 March 2012

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

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