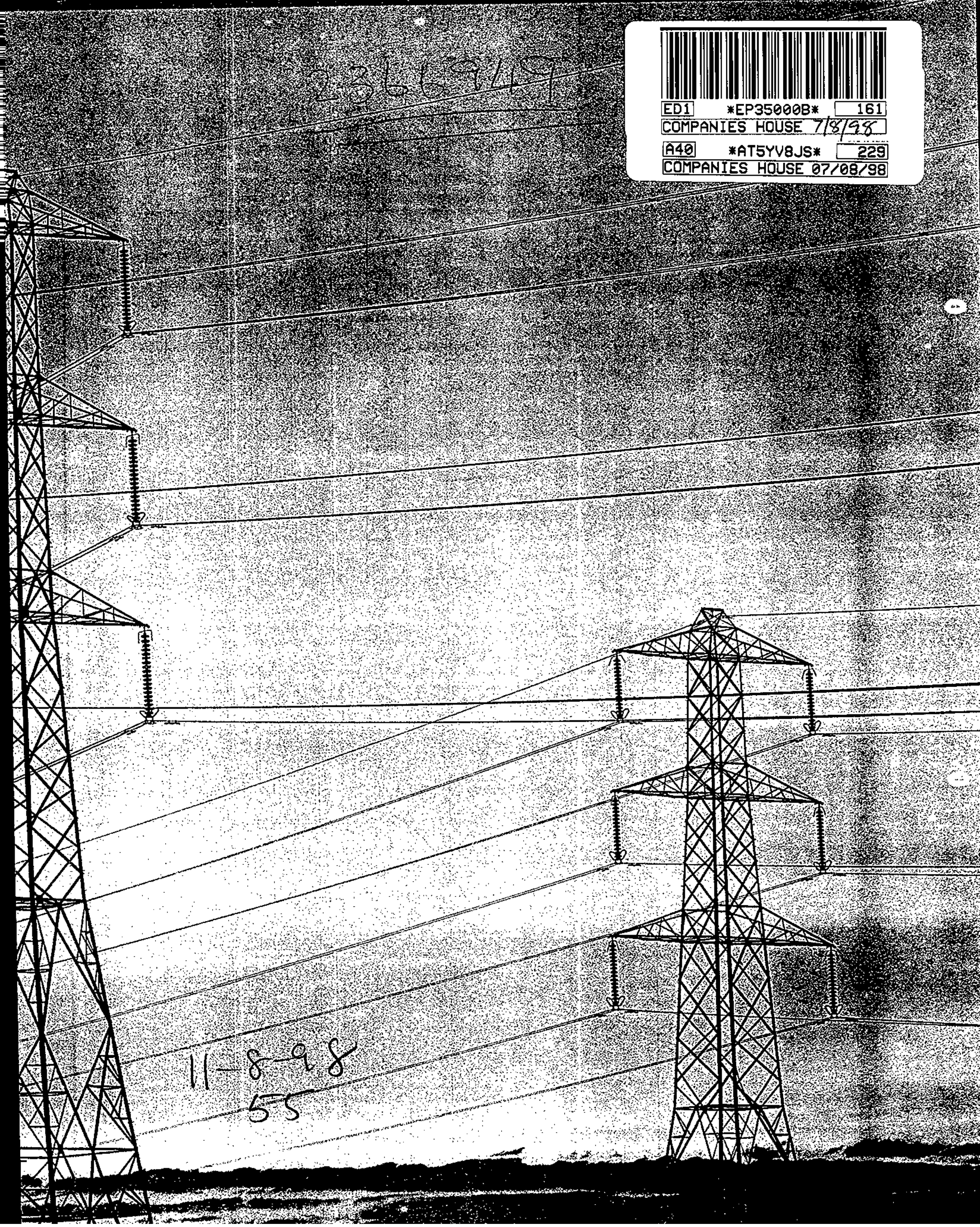
Report and Accounts 1998

NORWEB



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COMPANIES HOUSE 7/8/98
A40 *AT5YV8JS* 229
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Contents

Norweb plc
Registered No: 2366949 (England)
Registered Office:
Birchwood Point Business Park
Birchwood
Warrington WA3 7WB

Chairman's statement

Introduction

Over the last year there have been significant developments within the company. Foremost have been initiatives associated with competition in the domestic energy market and the expansion of the telecommunications business.

The company has continued to focus on the potential impact of regulatory price reviews and the achievement of cost savings within the multi-utility framework of the ultimate holding company.

Business review

Distribution continued to provide a high level of customer service. Our leading position within the industry for reliability of supply was maintained. Our network was badly affected over the Christmas holiday period by the worst storm damage for 20 years. At the peak, 223,000 customers were without supply, with 98 per cent reconnected within 24 hours. Unfortunately some were off supply for an unacceptable period, some for more than 24 hours. We deeply regret this, and paid compensation in line with guaranteed standards. We have now improved our procedures to restore supply faster in the event of such a major storm. Our customers can feel better protected in future.

Our distribution service centre at Preston has won ISO 9002 accreditation for problem reporting, complaints handling and telephone answering. As an example of the major improvement in customer service, we reduced the number of complaints referred to the industry regulator Offer, particularly in the second half of the year. All overall standard targets agreed with Offer were achieved.

This was our last year as a monopoly electricity supplier. The phased introduction of competition for domestic customers from December 1998 means that all our 2.2 million customers will be able to choose their supplier. Competition for domestic gas supply was introduced in Norweb's region in February 1998.

In June 1997 the ENERGi from Norweb brand was launched combining electricity and gas marketing. A new partnership with Tesco means customers can earn ClubCard points from gas and electricity bills. As a result of focused marketing, 157,000 domestic customers had signed an ENERGi gas contract by March 1998.

Electricity prices were further reduced in April 1998 and domestic tariffs are now lower than when we were privatised in 1990. Customers enjoy some of the lowest priced electricity in the UK. During the year Offer proposed a revised form of price control from April 1998 based on a price cap – our cap for the two years to 31 March 2000 is amongst the lowest in the industry and demonstrates that we already deliver low prices.

In Supply we exceeded all overall standard targets set by Offer and complaints to Offer fell by nearly 20%.

The telecommunications business based on our fibre optic network, primarily in North West England, moved into profit only three years after inception. We intend to develop our national capability through strategic alliances, winning more business from national customer groups and generating higher returns for a relatively modest outlay. We aim to outperform our competitors on the key service and reliability indicators published by Oftel.

In March 1998, a Digital PowerLine joint venture company NOR.WEB DPL was launched with Nortel, the leading international telecommunications manufacturer. Our Digital PowerLine technology uses existing electricity cables to transmit data at high speed. It can connect home computers to the Internet at relatively low cost at faster speeds than by other means.

Other competitive businesses – meter operations, connections, and electrical contracting – had a successful year.

Conclusion

The company is committed to providing excellent customer service combined with prudent cost control and the development of profitable business opportunities. The company is well placed to meet the challenges of regulatory price reviews and competitive markets.

J W Beckitt
Chairman
NORWEB plc

Financial Review

Overall performance

Turnover from continuing operations increased by 1.6 per cent to £1,243.1 million. Overall turnover decreased by 10.6 per cent mainly due to the divestment of the Retail business in 1996/97. Profit on continuing activities before exceptional items, interest and taxation increased by £2.9 million to £178.4 million.

Increased profit from the Distribution business was partly offset by a reduced contribution from energy sales. The recovery of previously under recovered revenue allowed by Offer under the price control mechanism had a positive impact on Distribution results but Supply benefited from recovered revenue in 1996/97. The reduction in Supply business profit also reflected additional costs in 1997/98 in preparation for full competition in the electricity supply market. Marketing and overhead costs associated with competition in domestic gas supply increased the loss in Norweb Gas. The telecommunications business however produced a small profit.

The accounts include the full charge of £155.2 million for the windfall tax – a special one-off tax on the privatised utilities. The first instalment was paid on 1 December 1997 and the remaining balance of £77.6 million will be paid on 1 December 1998.

Distribution

The distribution business maintains a 59,000 kilometre distribution network – around 14,000 kilometres of overhead lines and 45,000 kilometres of underground cables – and 39,501 substations to deliver electricity to 2.2 million customer premises.

Operating profit of £154.5 million was up by £25.5 million (19.8 per cent) compared with the previous year. Turnover increased by 4.2 per cent to £342.7 million reflecting a 4 per cent price increase in distribution charges from 1 July 1997 to recover previously under recovered revenue. Total operating costs fell by 5.9 per cent in the year to £188.2 million as further efficiency savings were delivered.

Units distributed were static : continued strong growth in the commercial sector was offset by reductions in the domestic sector, due to the milder winter, and in industrial units. Turnover increased in the competitive connections and metering operations. Gross margin increased by £15.8 million primarily as a result of the higher turnover with the balance of the increased operating profit attributable to a reduction in other operating costs. There was a substantial increase in capital investment as we continued to update and improve our network, including additional spend on high voltage circuits to improve reliability, and due to the development of essential IT systems required prior to the introduction of competition in electricity supply.

Detailed financial planning related to Offer's year 2000 price review is continuing.

Supply

ENERGi from Norweb, a brand combining electricity and gas marketing, supplies electricity to 2.2 million customer premises in North West England in the franchise market (not yet open to competition) and to customers throughout the UK who are already in the competitive market (large users of electricity).

Operating profit of £28.4 million was down by £17.4 million (38.0 per cent) compared with the previous year, attributable to the absence of the £10 million clawback of previously under recovered income which benefited 1996/97 and costs incurred in 1997/98 in preparation for full competition. Turnover was £1,097.1 million representing a reduction of 0.7 per cent over the previous year, principally due to mild weather and lower tariffs.

The regulator has imposed a revised form of price control from April 1998 based on a price cap. The price cap for Norweb is RPI – 3.4 per cent for 1998/99, and RPI – 3 per cent for 1999/2000. This compares with the range of tariff reductions in England and Wales of between 6.2 per cent and 14.8 per cent and demonstrates our success in already delivering low prices by effective purchasing and cost management.

Norweb Gas

Norweb Gas is a 75:25 joint venture with Utilicorp UK Limited in which Norweb holds the majority interest. Competition in domestic gas supply was introduced in Norweb's region in February 1998. Turnover continued to grow and increased by £5.8 million to £23.8 million. Marketing investment to establish the business as a leading supplier in competitive markets and additional overhead costs gearing up for an increased customer base resulted in a loss of £12.4 million compared to a loss of £4.1 million in the previous year.

Telecommunications

Only three years after the launch of switched operator services in the North West, the telecommunications business has generated a profit of £0.2 million compared with a loss of £5.2 million in 1996/97. This has been achieved through strong growth in turnover, up by £15.2 million to £23.4 million, reflecting an increase in both the number of customers connected and their usage.

In March, NOR.WEB DPL, a 50:50 joint venture between Norweb and Nortel was announced. Norweb Communications is lead customer of NOR.WEB DPL and in the coming year will commence commercial deployment of Digital Power Line in North West England. The profit potential of the joint venture company is not yet clear; however, we are optimistic given the anticipated growth in the telecommunications market for data and tele-working.

Contracting

Turnover was £21.1 million, down £3.5 million compared with last year but operating profit was up by £0.4 million to £1.0 million. The business withdrew from the domestic market and is focusing on more profitable high voltage work.

Other activities

This category includes the results of our insurance companies – Carefree Insurance Limited and Talbot Insurance Limited - with a combined profit of £7.8 million (1997 – £9.0 million).

Treasury management

Interest rate management and funding policies are set by the Board. The treasury function seeks to reduce or eliminate financial risk, to ensure sufficient funding is available to meet foreseeable needs, and to invest cash safely. It does not act as a profit centre and does not undertake any speculative trading activity. It reviews the credit quality of counterparties and limits individual aggregate credit exposures accordingly.

The interest charge for the year reduced by £2.7 million to £20.3 millon.

Gross borrowings increased by £82.2 million to £613.1 million. Net debt increased from £226.4 million to £316.5 million mainly due to the payment of the first instalment of the windfall tax.

During the year Norweb plc raised approximately £165 million in new medium term bank facilities. These facilities will be used largely to provide additional back up for the issuance of commercial paper under the $1.5 billion commercial paper programme which was also launched during the year, in conjunction with United Utilities PLC and North West Water Limited.

During the year Norweb plc was assigned a long term credit rating for the first time. Standard and Poor's Rating Services rated the company AA – and assigned the rating to the company's existing long dated bonds. The company's short term credit rating from Standard and Poor's Rating Services is A-1+ and from Moody's Investors Services is P-1.

Year 2000

The coming year is a critical period within which to solve any outstanding Year 2000 problems – the threat to business continuity of computer systems failure due to the "millennium bug". The impact of the year 2000 is a serious threat to all businesses, and there can be no assurance that the steps taken by any company will successfully eliminate vulnerabilities of its software and systems. As a provider of an essential public service, we have been actively addressing this issue and will do all that is necessary to ensure continued high levels of service to our customers.

M F Bradbury
Finance Director
NORWEB plc

Directors' report

for the year ended 31 March 1998

The directors have pleasure in presenting their annual report and the audited accounts of NORWEB plc for the year ended 31 March 1998.

Principal activities

The principal activities of the company are the distribution and supply of electricity to industrial, commercial and domestic customers. The company's other main businesses are the supply of gas, telecommunications and electrical contracting.

In the distribution and supply of electricity, the company is regulated by the terms of licences granted under the Electricity Act 1989 and controlled by the Director General of Electricity Supply.

Profit and dividend

The results for the year set out in the NORWEB Group profit and loss account on page 10, show profit before tax of £147.2 million, compared to £86.2 million in 1996/97. The loss for the year attributable to ordinary shareholders amounted to £63.9 million and £152.5 million was transferred from reserves.

The directors recommend a final dividend of 42.87 pence per share for the year ended 31 March 1998, making a total for the year of 56.51 pence per share.

Directors and their interests

Details of the directors who served during the year are shown on page 17.

The shares and options in note 6 to the accounts on pages 17 and 18 represent the directors' beneficial interests including immediate family interests in shares in United Utilities PLC at 31 March 1998.

During and as at the end of the financial year, none of the directors was materially interested in any contracts, other than service contracts, which were significant in relation to the business of the company.

Payment to suppliers

The company's policy is normally to pay suppliers according to agreed terms of business. These terms are agreed with suppliers upon entering into binding contracts and the company's policy is to adhere to the payment terms providing the relevant goods or services have been supplied in accordance with the contracts. In accordance with SI 1997 No. 571 The Companies Act 1985 (Directors' report) (Statement of payment practice) Regulations 1997, the company had 32 days of purchases outstanding at the end of the financial year.

Employment policies

Employees are key to achieving our business strategy. We are fully committed to improving the skills of our employees and to the Investor in People accreditation. Through training and development and nurturing a culture in which our employees feel valued, we encourage them to work to their full potential. We respect the dignity. and rights of every employee, support employees in performing various roles in society and challenge prejudice and stereotyping.

We are committed to open and regular communications with our employees about business issues and developments and issues of general interest to them, through both formal and informal processes. Employee involvement is further encouraged through means such as the employee sharesave and suggestion and recognition schemes. Proper attention to health and safety is an indispensable part of our commitment to high standards in every aspect of our business.

Regulatory accounts

Under the terms of its Public Electricity Supply Licence (Condition 2) Norweb is required to produce and publish each year separate accounts for its regulated businesses and deliver them to the Director General of Electricity Supply.

Copies of the regulatory accounts for the year ended 31 March 1998 can be obtained from the Compliance Manager, United Utilities PLC, P.O.Box 14, Birchwood Boulevard, Warrington WA3 7WB.

Auditors

A resolution to re-appoint KPMG Audit Plc as auditors to the company will be proposed at the annual general meeting.

By order of the Board.

T M Rayner
Company Secretary
31 July 1998

TMRayner

Directors' responsibilities

In respect of the preparation of financial statements

The following statement, which should be read in conjunction with the statement of auditors' responsibilities included in the report of the auditors on page 9, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the Group as at the end of the financial year and of the profit or loss for the financial year.

In preparing the financial statements, the directors are required to select appropriate accounting policies and apply them consistently, make judgements and estimates that are reasonable and prudent and state whether all applicable accounting standards have been followed. The directors are also required to use a going concern basis in preparing the financial statements unless this is inappropriate.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have a general responsibility at law for taking such steps as are reasonably open to them to safeguard the assets of the company and the Group and to prevent and detect fraud and any other irregularities.

Auditors' report
to the members of NORWEB plc

We have audited the financial statements on pages 10 to 25.

Respective responsibilities of directors and auditors

As described under "Directors' responsibilities" on page 8 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of 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 and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the Group as at 31 March 1998 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Manchester
31 July 1998

Group profit and loss account

for the year ended 31 March 1998	Note	Continuing operations 1998 £m	Discontinued operations 1998 £m	Total 1998 £m	Continuing operations 1997 £m	Discontinued operations 1997 £m	Total 1997 £m
Turnover	1	1,243.1	0.4	**1,243.5**	1,223.0	168.1	1,391.1
Cost of sales		(843.2)	(0.2)	**(843.4)**	(838.3)	(109.5)	(947.8)
Gross profit		399.9	0.2	**400.1**	384.7	58.6	443.3
Distribution costs		(103.4)	–	**(103.4)**	(95.8)	(39.7)	(135.5)
Administrative expenses		(118.1)	(0.4)	**(118.5)**	(113.4)	(27.5)	(140.9)
Operating profit/(loss)	2	178.4	(0.2)	**178.2**	175.5	(8.6)	166.9
Share of profits/(losses) in associated undertakings		–	0.3	**0.3**	–	(6.8)	(6.8)
Profit/(loss) before non operating items, interest and tax		178.4	0.1	**178.5**	175.5	(15.4)	160.1
Loss on disposal of businesses	3(a)	–	(30.0)	**(30.0)**	–	(56.6)	(56.6)
Profit related to fixed asset investments	3(b)	19.0	–	**19.0**	5.7	–	5.7
Profit/(loss) on ordinary activities before interest		197.4	(29.9)	**167.5**	181.2	(72.0)	109.2
Net interest payable	4			**(20.3)**			(23.0)
Profit on ordinary activities before taxation				**147.2**			86.2
Taxation on profit on ordinary activities	5			**(59.2)**			(21.2)
Profit on ordinary activities after taxation				**88.0**			65.0
Exceptional taxation - windfall tax				**(155.2)**			–
				(67.2)			65.0
Minority interest				**3.3**			1.2
(Loss)/profit for the financial year				**(63.9)**			66.2
Dividends	2			**(88.6)**			(58.5)
Transfer (from)/to reserves	20			**(152.5)**			7.7

Statement of total recognised gains and losses

for the year ended 31 March 1998	1998 £m	1997 £m
(Loss)/profit for the financial year	(63.9)	66.2
Exchange adjustments	–	(0.3)
Total recognised gains and losses for the financial year	(63.9)	65.9

Note of historical cost profit and losses

for the year ended 31 March 1998	1998 £m	1997 £m
Profit on ordinary activities before taxation	147.2	86.2
Difference between historical cost profit on disposal of tangible assets and profit calculated on the revalued amount	(6.4)	–
Historical cost profit on ordinary activities before taxation	140.8	86.2
Historical cost (loss)/profit for the financial year	(70.3)	66.2

Balance sheets

as at 31 March 1998	Note	Group 1998 £m	Group 1997 £m	Company 1998 £m	Company 1997 £m
Fixed assets					
Tangible assets	8	**1,279.0**	1,080.9	**1,278.4**	1,072.9
Investments	9	**23.5**	60.0	**252.4**	254.2
		1,302.5	1,140.9	**1,530.8**	1,327.1
Current assets					
Stocks	10	**8.8**	7.2	**8.8**	7.1
Debtors	11	**314.5**	280.7	**285.6**	247.9
Investments	12	**297.2**	257.4	**-**	2.3
Cash at bank and in hand		**0.4**	47.1	**-**	0.5
		620.9	592.4	**294.4**	257.8
Creditors - amounts falling due within one year	13	**(985.9)**	(595.0)	**(974.6)**	(559.0)
Net current liabilities		**(365.0)**	(2.6)	**(680.2)**	(301.2)
Total assets less current liabilities		**937.5**	1,138.3	**850.6**	1,025.9
Creditors - amounts falling due after more than one year	13	**(359.3)**	(375.2)	**(337.4)**	(339.0)
Provisions for liabilities and charges	16	**(65.2)**	(117.3)	**(65.2)**	(115.9)
Net assets		**513.0**	645.8	**448.0**	571.0
Capital and reserves					
Called up share capital	17	**78.4**	78.4	**78.4**	78.4
Share premium account		**4.4**	4.4	**4.4**	4.4
Revaluation reserve	18a	**241.3**	235.7	**241.3**	235.7
Other reserves	18b	**8.8**	8.8	**8.6**	8.6
Profit and loss account	19	**184.5**	319.6	**115.3**	243.9
Equity shareholders' funds		**517.4**	646.9	**448.0**	571.0
Equity minority interest		**(4.4)**	(1.1)	**-**	-
Capital employed		**513.0**	645.8	**448.0**	571.0

The accounts on pages 10 to 25 were approved by the Board of directors on 31 July 1998, and signed on its behalf by:

M F Bradbury

Finance Director

Group cash flow statement

for the year ended 31 March 1998	Note	1998 £m	1997 £m
Net cash inflow from operating activities	22	**181.4**	99.8
Returns on investments and servicing of finance	23	**(20.3)**	(24.6)
Taxation		**(78.5)**	33.9
Capital expenditure and financial investment	24	**(135.5)**	(98.8)
Disposals	25	**23.4**	187.0
Equity dividends paid		**(60.4)**	(64.3)
Cash (outflow)/inflow before use of liquid resources and financing		**(89.9)**	133.0
Management of liquid resources	26	**(38.8)**	(17.7)
Financing	27	**80.8**	(111.9)
(Decrease)/increase in cash		**(47.9)**	3.4

Reconciliation of net cash flow to movement in net debt

for the year ended 31 March 1998	Note	1998 £m	1997 £m
(Decrease)/Increase in cash		**(47.9)**	3.4
Cash (inflow)/outflow from (increase)/decrease in debt		**(80.8)**	111.9
Cash outflow from management of liquid resources		**38.8**	17.7
Change in net debt resulting from cash flows		**(89.9)**	133.0
Amortisation of bond discount		**(0.2)**	(0.2)
Movement in net debt		**(90.1)**	132.8
Opening net debt		**(226.4)**	(359.2)
Net debt at 31 March	28	**(316.5)**	(226.4)

See accompanying notes to the accounts.

Accounting policies

1 Basis of preparation of financial statements

The consolidated financial statements incorporate the financial statements of NORWEB plc and its subsidiary undertakings. The results of businesses sold in the year are included to the date of divestment. The financial statements have been prepared under the historical cost convention, modified by the valuation of operational assets and non operational properties, and in accordance with applicable accounting standards and with the Companies Act 1985.

2 Turnover

(a) Turnover represents the value of energy consumption during the year, which includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the year end, and the invoice value of other goods sold and services provided, exclusive of value added tax.

(b) Where there is an overrecovery of supply or distribution business revenues against the regulated maximum allowable amount, revenues are deferred equivalent to the overrecovered amount. The deferred amount is deducted from turnover and included in creditors within accruals and deferred income. Where there is an underrecovery, no account is taken of any potential future recovery.

3 Pensions

The Group operates a defined benefit scheme, which is independent of the Group's finances, for the substantial majority of its employees. Actuarial valuations of the scheme are carried out as determined by the trustees at intervals of not more than three years, the rates of contribution payable and the pension cost being determined on the advice of the actuaries, having regard to the results of these valuations. In any intervening years, the actuaries review the continuing appropriateness of the contribution rates.

The cost of providing pensions is expensed over employees' working lives. Variations from regular cost are allocated over the average remaining service lives of current employees. Any difference between the charge to the profit and loss account in respect of funded plans and the contributions payable to each plan is recorded in the consolidated balance sheet as a prepayment or provision.

Details of pension arranagements and funding are set out in note 7.

4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, as modified by adjustments following acquisition by United Utilities PLC in 1995, less depreciation.
The charge for depreciation is calculated so as to write down the cost of assets over their estimated useful lives. The lives of each major class of depreciable assets are as follows:

	Years
Operational assets	Between 5 and 80, mainly between 30 and 80
Non-operational assets:	
Freehold buildings	Up to 60
Leasehold buildings	Lower of lease period or remaining economic life up to 60
Fixtures, equipment, vehicles and other	Up to 10

Freehold land is not depreciated.

Accounting policies continued

Assets in the course of construction, principally with an estimated economic life of greater than 20 years, are not depreciated until the year following commissioning.

Consumers' contributions towards the cost of operational assets are treated as deferred income and included within creditors due after more than one year. Amortisation is taken to the profit and loss account over the estimated economic lives of the related assets.

5 Investments

Investment income is included in the accounts of the year in which it is receivable. Fixed asset investments are stated at either directors' valuation or at cost less provisions for permanent diminution in value. Current asset investments are stated at the lower of cost and net realisable value.

6 Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value.
The valuation of work in progress is based on the cost of labour plus appropriate overheads and the cost of materials. Progress invoices are deducted in arriving at the amounts stated.

7 Deferred taxation

Deferred taxation, in respect of accelerated capital allowances and other timing differences, is accounted for only to the extent that it is probable that a liability or asset will crystallise. Any such provision is made using the liability method.

8 Goodwill

The net assets of companies and businesses acquired are incorporated into the consolidated financial statements at their fair value to the Group and after adjustments to bring the accounting policies of the companies and businesses acquired into alignment with those of the Group. Goodwill is written off against reserves.

9 Leased assets

Assets financed by leasing arrangements which transfer substantially all the risks and rewards of ownership to the lessee (finance leases) are capitalised in the balance sheet and the corresponding capital cost is shown as an obligation to the lessor. Leasing repayments comprise both a capital and a finance element. The finance element is written off to the profit and loss account so as to produce an approximately constant periodic rate of charge on the outstanding obligation. Such assets are depreciated over the shorter of their estimated useful lives and the period of the lease.

Operating lease rentals are charged to the profit and loss account as incurred.

10 Financial Instruments

The notional interest on interest rate swaps and forward agreements to manage currency and interest rate exposures on Group net borrowings are included with the interest flows of the underlying net borrowings. These financial instruments in the above circumstances are not revalued to their open market value, but, on realisation, gains and losses are spread over the period of the hedged position, to the extent that the originally designated liability remains outstanding.

Contract for differences (CfDs)

The Group records the cost and income attributable to CfDs in its accounting records when settlement is made. Where the settlement date for a CfD does not fall in the period end, then accrual accounting is used to reflect the known variances between the contract strike prices and pool prices.

Notes to the accounts for the year ended 31 March 1998

1 Segmental information

	Turnover		Operating profit		Net assets	
	1998 £m	1997 £m	1998 £m	1997 £m	1998 £m	1997 £m
Distribution	**342.7**	329.0	**154.5**	129.0	**952.8**	814.2
Supply	**1,097.1**	1,105.3	**28.4**	45.8	**33.4**	28.8
Other	**76.5**	60.8	**(4.5)**	0.7	**(260.8)**	28.3
Interbusiness adjustments	**(273.2)**	(272.1)	**–**	–	**(252.5)**	(251.3)
Sub Total - continuing operations	**1,243.1**	1,223.0	**178.4**	175.5	**472.9**	620.0
Discontinued operations	**0.4**	168.1	**(0.2)**	(8.6)	**40.1**	25.8
	1,243.5	1,391.1	**178.2**	166.9	**513.0**	645.8

Operating assets and liabilities are allocated or apportioned to the business to which they relate. All cash, investments, borrowings, dividends payable and taxation items, have not been allocated and are included in "Other".

2 Profit and loss account

(a) Operating profit is stated after charging (crediting):	1998 £m	1997 £m
Depreciation	**37.6**	44.7
Profit on disposal of fixed assets	**(1.2)**	(1.5)
Auditors' remuneration:	**0.1**	0.1
Operating lease rentals:		
Plant, machinery and equipment	**0.5**	3.2
Other assets	**0.2**	6.2

(b) Dividends payable	1998 £m	1997 £m
Interim dividend paid of 13.64p per ordinary share (1997 : 12.43p)	**21.4**	19.5
Proposed final dividend of 42.87p per ordinary share (1997 : 24.87p)	**67.2**	39.0
	88.6	58.5

3(a) Loss on business disposals	1998 £m	1997 £m
Loss before write back of goodwill	**(7.0)**	(56.6)
Goodwill write back	**(23.0)**	–
	(30.0)	(56.6)

3(b) Profit related to fixed asset investments	1998 £m	1997 £m
Associated with the disposal of National Grid Group plc	**3.9**	5.7
Write back of provision against loan to Norweb ESOP Limited	**15.1**	–
	19.0	5.7

4 Interest	1998 £m	1997 £m
Interest payable:		
On bank loans, overdrafts and other loans	**(39.5)**	(44.0)
Interest receivable	**19.2**	21.0
Net interest payable	**(20.3)**	(23.0)

Notes to the accounts continued
for the year ended 31 March 1998

5 Taxation

(a) Tax on profit on ordinary activities	1998 £m	1997 £m
UK Corporation tax at 31% (1997 – 33%)	**56.2**	33.2
Overseas tax	**0.5**	0.8
Tax credit on franked investment income	**–**	0.2
Tax related to business disposals	**2.5**	(13.0)
	59.2	21.2

(b) Deferred taxation

The full potential deferred tax liability, none of which is provided, is:

	Group 1998 £m	Company 1998 £m	Group 1997 £m	Company 1997 £m
Capital allowances in excess of depreciation	**147.2**	**147.2**	163.1	162.9
Other timing differences	**(28.0)**	**(28.0)**	(32.6)	(31.0)
	119.2	**119.2**	130.5	131.9

6 Directors and their interests

(a) The directors who served during the year were:

P Appelbe
JW Beckitt* (appointed 14 April 1997)
MF Bradbury
CH Elphick (appointed 28 October 1997)
MG Faulkner* (resigned 31 March 1998)
RJ Ferguson*
D Green*
H Kirkham
KD Lee
BL Staples* (appointed 30 May 1997, ceased to be a director on 21 July 1997)

* Director, United Utilities PLC.

Emoluments comprise salaries, fees, taxable benefits and the value of short term incentive awards. The aggregate emoluments of directors in the year ended 31 March 1998 amounted to £942,000 (1997 - £889,000). The emoluments of the highest paid director (JW Beckitt) amounted to £238,400.

With the exception of KD Lee all directors are members of and contribute to the United Utilities Pension Scheme, a defined benefits pension scheme. Further information relating to the scheme is contained in the company accounts of United Utilities PLC.

KD Lee is a member of and contributes to the Electricity Supply Pension Scheme, a defined benefit pension scheme which provides on retirement at age 60 a pension equal to 1/80th of pensionable remuneration (plus 3/80th cash) for each completed year of service.

The accumulated total accrued pension at 31 March 1998 for the highest paid director (JW Beckitt) was £68,100 per annum.

(b) At 31 March 1998, the directors and their immediate families had the following interests, all of which were beneficial, in the ordinary shares and options to subscribe for ordinary shares in United Utilities PLC (details of the interests of directors of United Utilities PLC are dealt with in that company's accounts).

	1998			1997 or on appointment		
		Share options			Share options	
	Ordinary shares	Executive option scheme	Employee sharesave scheme	Ordinary shares	Executive option scheme	Employee sharesave scheme
P Appelbe	–	–	1,117	–	–	670
MF Bradbury	14,034	17,637	4,005	10,010	22,926	4,005
CH Elphick	12,962	34,872	3,623	14,562	34,872	3,623
H Kirkham	1,078	–	3,623	1,020	–	3,623
KD Lee	420	5,750	4,607	1,526	2,500	4,607

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

Notes to the accounts continued

for the year ended 31 March 1998

Details of directors' options granted and exercised for ordinary shares during the year are as follows:

	Options granted during the year	Exercise price per grant	Options exercised during the year	Exercise price per share	First date exercisable	Last date exercisable	Mid Market price at date of exercise
P Appelbe	447	616.5p	–	–	01/03/03	1/09/03	–
MF Bradbury	–	–	775	479.82p	15/12/97	15/12/04	837.0p
	–	–	1,227	275.70p	08/01/97	08/01/02	837.0p
	–	–	1,162	394.20p	06/01/98	06/01/03	837.0p
	–	–	3,488	463.37p	06/01/96	06/01/03	837.0p
	–	–	387	566.85p	20/01/97	20/01/04	837.0p
	1,750	768.5p	–	–	23/12/00	23/12/07	
KD Lee	3,250	768.5p	–	–	23/12/00	23/12/07	

7 Employees

(a) Number of employees	1998	1997
The average number of employees, including directors, during the year was:		
Electricity	2,040	2,204
Contracting	311	330
Other	318	249
Divestments - Retail	–	1,302
- Generation	–	18
	2,669	4,103

(b) Employment costs	1998 £m	1997 £m
Wages and salaries	63.5	96.9
Social Security costs	5.1	8.2
Other pension costs	5.5	8.5
	74.1	113.6
Less: charged as capital expenditure	(23.6)	(25.9)
Charged to the profit and loss account	50.5	87.7

(c) Pensions

The Group operates three pension schemes. Most employees who joined prior to 1 October 1991 are members of the Electricity Supply Pension Scheme (ESPS), a defined benefit scheme. This scheme is now closed to new employees of the Group. 'Eligible employees joining after 30 September 1991 could join either a defined benefit scheme, the Norweb Final Salary Pension Scheme (NFSPS) or a defined contribution scheme, the Norweb Money Purchase Pension Scheme (NMPPS). With effect from 31 March 1998 these two schemes were closed to new entrants and existing members were offered membership of a new defined benefit scheme, the United Utilities Pension Scheme. The benefits accrued to 31 March 1998 in NFSPS and NMPPS are not material.'

The latest full actuarial valuation of the Group's section of the ESPS was carried out by Bacon & Woodrow, consulting actuaries, as at 31 March 1995. The attained age method was used for the valuation, and the principal actuarial assumptions adopted for average annual growth rates were investment returns 9%, salary increases (exclusive of merit awards) 6.5%, pension increases 5%, and equity dividend growth 4.5%.

The valuation showed that the actuarial value of the assets of the Group's section of the ESPS as at 31 March 1995 represented 112.8% of the actuarial value of the accrued benefits. This is within the statutory maximum. The accrued benefits include all benefits for pensioners and other former members as well as benefits based on service completed to date for active members, allowing for future salary rises. In deriving the pension cost under SSAP 24, the surplus in the scheme is being spread over the future working lifetime of existing members.

The total market value of the Group's share of the net assets of the ESPS at 31 March 1995 was £662.3 million.

The pension cost to the Group for the year was £5.5 million (1997: £8.5 million).

The assets of all the Group's pension schemes are held in separate trustee-administered funds. In the case of the ESPS, the assets are held in the name of Electricity Pension Trustee Limited (EPTL). Day-to-day control of the Scheme's assets rests with an investment manager appointed by EPTL.

Notes to the accounts continued

for the year ended 31 March 1998

8 Tangible fixed assets

Group	Operational £m	Non-operational land and buildings £m	Fixtures and equipment, vehicles and other £m	Generation £m	Assets in course of construction £m	Total £m
Cost						
At 1 April 1997	1,387.2	80.0	122.0	9.0	20.9	1,619.1
Revaluations	–	(1.6)	–	–	–	(1.6)
Additions	105.1	1.3	25.5	0.1	120.0	252.0
Transfers	3.6	1.3	0.7	–	(5.6)	–
Reclass. as current assets	–	(1.0)	–	–	–	(1.0)
Disposals	(1.2)	(10.3)	(8.5)	(8.8)	–	(28.8)
At 31 March 1998	**1,494.7**	**69.7**	**139.7**	**0.3**	**135.3**	**1,839.7**
Depreciation						
At 1 April 1997	432.9	19.8	83.0	2.5	–	538.2
Disposals	(0.9)	(3.9)	(8.0)	(2.3)	–	(15.1)
Charge for the year	28.8	0.7	8.0	0.1	–	37.6
At 31 March 1998	**460.8**	**16.6**	**83.0**	**0.3**	–	**560.7**
Net book value						
At 31 March 1998	**1,033.9**	**53.1**	**56.7**	–	**135.3**	**1,279.0**
At 1 April 1997	954.3	60.2	39.0	6.5	20.9	1,080.9

Company	Operational £m	Non-operational land and buildings £m	Fixtures and equipment, vehicles and other £m	Generation £m	Assets in course of construction £m	Total £m
Cost						
At 1 April 1997	1,387.2	79.0	121.7	–	20.5	1,608.4
Revaluations	–	(1.6)	–	–	–	(1.6)
Additions	105.1	1.3	25.4	–	120.0	251.8
Transfers	3.6	1.3	0.7	–	(5.6)	–
Disposals	(1.2)	(10.3)	(8.5)	–	–	(20.0)
At 31 March 1998	**1,494.7**	**69.7**	**139.3**	–	**134.9**	**1,838.6**
Depreciation						
At 1 April 1997	432.9	19.8	82.8	–	–	535.5
Disposals	(0.9)	(3.9)	(8.0)	–	–	(12.8)
Charge for the year	28.8	0.7	8.0	–	–	37.5
At 31 March 1998	**460.8**	**16.6**	**82.8**	–	–	**560.2**
Net book value						
At 31 March 1998	**1,033.9**	**53.1**	**56.5**	–	**134.9**	**1,278.4**
At 1 April 1997	954.3	59.2	38.9	–	20.5	1,072.9
Historic Cost						
Group						
At 31 March 1998						
Cost	1,246.7	76.4	139.7	0.3	135.3	1,598.4
Depreciation	(460.8)	(16.6)	(83.0)	(0.3)	–	(560.7)
Net Book Value	785.9	59.8	56.7	–	135.3	1,037.7

Following the acquisition of NORWEB plc by United Utilities PLC, the directors undertook a review of asset values and useful economic lives. The directors' revaluation was based on the value in use of those assets as defined in FRS7. The revaluation and revised lives were incorporated in the 1997 accounts (Group and company).

Notes to the accounts continued

for the year ended 31 March 1998

Within tangible fixed assets are assets held under finance leases with a gross and net book value of £29.3million (1997 : £nil)(Group and company).

	1998 £m	1997 £m
Operational assets include land and buildings, the net book amount of which comprises:		
Freehold	**44.8**	43.1
Long leasehold	**3.1**	3.5
Short leasehold	**2.0**	0.3
	49.9	46.9

	1998 £m	1997 £m
The net book amount of non-operational land and buildings comprises:		
Freehold	**48.5**	55.5
Long leasehold	**3.6**	3.6
Short leasehold	**1.0**	1.1
	53.1	60.2

Included in fixed assets at 31 March 1998 is land at revaluation of £16.0 million (1997 £16.7 million restated) which is not depreciated.

	Group and Company	
	1998 £m	1997 £m
Capital commitments:		
Contracted but not provided for	**45.0**	28.6

9 Fixed asset investments

	Associated undertakings		Other investments			
Group	Unlisted £m	Loans £m	Unlisted £m	Loans £m	Listed £m	Total £m
At 1 April 1997 - at cost or valuation	22.2	0.3	0.7	21.3	15.5	60.0
Additions	–	–	–	–	6.9	6.9
Disposals	(22.9)	–	–	–	–	(22.9)
Write back of provision	–	–	–	15.1	–	15.1
Repayment of loan	–	(0.3)	–	(35.7)	–	(36.0)
Exchange adjustments	0.1	–	–	–	–	0.1
Share of profits	0.3	–	–	–	–	0.3
At 31 March 1998	**(0.3)**	**–**	**0.7**	**0.7**	**22.4**	**23.5**

Company	Subsidiary undertakings		Other investments		
	Shares £m	Loans £m	Unlisted £m	Loans £m	Total £m
At 1 April 1997 - at cost or valuation	50.5	183.7	0.7	19.3	254.2
Additions	–	17.5	–	–	17.5
Write back of provision	–	–	–	15.1	15.1
Repayments	–	–	–	(34.4)	(34.4)
At 31 March 1998	**50.5**	**201.2**	**0.7**	**–**	**252.4**

Included within other investments are:

(a) A 20 per cent interest in Lakeland Power Limited. In the opinion of the directors they are unable to exercise significant influence over this company and accordingly it is accounted for as a trade investment.

(b) Listed investments all held by Carefree Insurance Limited which had a market value of £22.6 million at 31 March 1998 (1997 £15.5 million).

Notes to the accounts continued

for the year ended 31 March 1998

The Group's principal operating companies are set out below:

	Proportion of ordinary share capital owned	Nature of Business
Subsidiary undertakings		
Talbot Insurance Limited * #	100%	Provision of insurance services
Carefree Insurance Limited * #	100%	Provision of re-insurance services
Norweb North America Corporation +	100%	Investment
Norweb Gas Limited@	75%	Sale of gas

* Incorporated and operating in the Isle of Man.
\+ Incorporated and operating in the Republic of Ireland.
\# Direct subsidiary of NORWEB plc.
@ Incorporated in Great Britain, registered in England and Wales and operating in the United Kingdom.

10 Stocks

	Group		Company	
	1998 £m	1997 £m	1998 £m	1997 £m
Raw materials and consumables	**8.3**	7.2	**8.3**	7.1
Work in progress	**0.5**	–	**0.5**	–
	8.8	7.2	**8.8**	7.1

11 Debtors

	Group		Company	
Amounts falling due within one year:	1998 £m	1997 £m	1998 £m	1997 £m
Trade debtors	**92.5**	44.7	**88.5**	44.0
Unbilled consumption	**92.3**	96.7	**85.6**	90.5
Amounts owed by group undertakings	**106.4**	69.9	**69.6**	29.9
Amounts owed by subsidiary undertakings	–	–	**22.1**	19.2
Prepayments and accrued income	**8.1**	8.3	**5.2**	5.5
Other debtors	**15.2**	61.1	**14.6**	58.8
	314.5	280.7	**285.6**	247.9

Amounts owed by group undertakings represent amounts owed by parent and fellow subsidiary undertakings.

12 Investments

	Group		Company	
	1998 £m	1997 £m	1998 £m	1997 £m
Managed funds and short term deposits	**296.2**	257.4	–	2.3
Other	**1.0**	–	–	–
	297.2	257.4	–	2.3

Notes to the accounts continued
for the year ended 31 March 1998

13 Creditors

Amounts falling due within one year:	Group 1998 £m	Group 1997 £m	Company 1998 £m	Company 1997 £m
Bank overdrafts and temporary borrowings	**418.4**	336.4	**418.4**	313.2
Trade creditors	**113.9**	140.1	**105.2**	136.5
Amounts owed to subsidiary undertakings	–	–	**26.3**	–
Obligations under finance leases – group undertakings	**29.3**	–	**29.3**	–
Amounts owed to group undertakings	**135.4**	9.2	**131.3**	8.6
Dividends	**67.2**	39.0	**67.2**	39.0
Corporation tax	**46.5**	28.6	**46.8**	24.2
Windfall tax	**77.6**	–	**77.6**	–
Other taxation and social security	**1.6**	2.4	**1.6**	2.4
Other creditors	**14.8**	7.3	**12.1**	20.4
Accruals and deferred income	**81.2**	32.0	**58.8**	14.7
	985.9	595.0	**974.6**	559.0

Amounts owed to group undertakings represent amounts owed to parent and fellow subsidiary undertakings. Amounts falling due after more than one year:

Accruals and deferred income – Carefree Insurance	**21.9**	36.2	–	–
Consumers' contributions (note 14)	**142.7**	137.5	**142.7**	137.5
Unsecured bonds (note (a))	**194.7**	194.5	**194.7**	194.5
Other Creditors	–	7.0	–	7.0
	359.3	375.2	**337.4**	339.0

(a) On 3 August 1995, the company issued £200 million 8.875% bonds, due 2026. The discount on the issue of the bonds is being amortised over the life of the bonds.

14 Consumers' contributions

	Group and Company £m
At 1 April 1997	**137.5**
Received in the year	**8.5**
Credit to profit and loss account for the year	**(3.3)**
At 31 March 1998	**142.7**

15 Borrowings

Loans and overdrafts	Group 1998 £m	Group 1997 £m	Company 1998 £m	Company 1997 £m
Group				
Within one year	**418.4**	336.4	**418.4**	313.2
After more than five years	**194.7**	194.5	**194.7**	194.5
	613.1	530.9	**613.1**	507.7

Notes to the accounts continued
for the year ended 31 March 1998

16 Provisions for liabilities and charges

Group	Restructuring £m	Other £m	Total £m
At 1 April 1997	47.6	69.7	**117.3**
Utilised	(17.3)	(30.8)	**(48.1)**
Profit and loss account	(4.0)	–	**(4.0)**
At 31 March 1998	26.3	38.9	**65.2**

Company	Restructuring £m	Other £m	Total £m
At 1 April 1997	47.6	68.3	**115.9**
Utilised	(17.3)	(29.4)	**(46.7)**
Profit and loss account	(4.0)	–	**(4.0)**
At 31 March 1998	26.3	38.9	**65.2**

Other provisions at 31 March 1998 include £34.6 million relating to the Retail divestment.

17 Share capital

Authorised	1998 £	1997 £
250,000,000 ordinary shares of 50p each	**125,000,000**	125,000,000
Special rights redeemable preference share of £1	**1**	1
	125,000,001	125,000,001

Allotted and fully paid	1998 £	1997 £
156,821,341 (1997: 156,821,341) ordinary shares of 50p each	**78,410,671**	78,410,671

18a Revaluation reserve

	Group and Company £m
At 1 April 1997	**235.7**
Transferred from profit and loss account	**5.6**
At 31 March 1998	**241.3**

18b Other reserves

	Company capital redemption reserve £m	Statutory reserve £m	Group £m
At 1 April 1997 and 31 March 1998	8.6	**0.2**	8.8

The non-distributable statutory reserve has been established in a subsidiary to comply with Isle of Man insurance regulations.

19 Profit and loss account

	Group £m	Company £m
At 1 April 1997	**319.6**	243.9
Retained loss for the year	**(152.5)**	(130.3)
Goodwill written back on disposal	**23.0**	7.3
Transferred to Revaluation reserve	**(5.6)**	(5.6)
Currency translation differences	**–**	–
At 31 March 1998	**184.5**	115.3

As permitted by Section 230 (1) of the companies Act 1985, the company has not presented its own profit and loss account. The loss for the year dealt with in the accounts of the company was £41.7 million (1997 loss £6.7 million). Cumulative goodwill written off against the profit and loss account amounts to £nil. (1997 £23.0 million).

20 Reconciliation of movements in equity shareholders' funds

	Group		Company	
	1998 £m	1997 £m	1998 £m	1997 £m
(Loss)/profit for year	**(63.9)**	66.2	**(41.7)**	(6.7)
Dividends	**(88.6)**	(58.5)	**(88.6)**	(58.5)
Retained (loss)/profit for the financial year	**(152.5)**	7.7	**(130.3)**	(65.2)
Revaluation	**–**	234.9	**–**	234.9
Goodwill written back	**23.0**	5.4	**7.3**	–
Currency translation differences	**–**	(0.3)	**–**	–
Net (reduction)/addition to equity shareholders' funds	**(129.5)**	247.7	**(123.0)**	169.7
Opening equity shareholders' funds	**646.9**	399.2	**571.0**	401.3
Closing equity shareholders' funds	**517.4**	646.9	**448.0**	571.0

Notes to the accounts continued
for the year ended 31 March 1998

21 Lease obligations

There are the following annual commitments under operating leases which expire:	Group and company 1998 £m	1997 £m
Equipment and vehicles:		
Within one year	**0.1**	1.1
In the second to fifth year inclusive	**7.4**	18.8
	7.5	19.9
Land and buildings:		
Within one year	**–**	0.5
In the second to fifth year inclusive	**0.1**	0.3
In more than five years	**1.7**	0.7
	1.8	1.5

22 Net cash inflow from operating activities

	1998 £m	1997 £m
Operating profit	**178.2**	166.9
Depreciation	**37.6**	44.7
Contributions amortised	**(3.3)**	(4.4)
Profit on sales of fixed assets	**(1.2)**	(1.5)
Movement in stock	**(1.6)**	(10.4)
debtors	**(20.9)**	(49.4)
creditors	**34.8**	(32.7)
Movement in provisions for liabilities and charges	**(42.2)**	(13.4)
	181.4	99.8

23 Returns on investments and servicing of finance

	1998 £m	1997 £m
Interest paid	**(39.5)**	(45.3)
Interest received	**19.2**	20.7
	(20.3)	(24.6)

24 Capital expenditure and financial investment

	1998 £m	1997 £m
Purchase of tangible fixed assets	**(173.0)**	(111.4)
Consumer contributions received	**8.5**	7.3
Sale of tangible fixed assets	**1.5**	3.5
Purchase of fixed asset investments	**(6.9)**	(12.6)
Disposal of fixed asset investments (see also note 25)	**–**	13.3
Repayment of fixed asset investment loans	**34.4**	1.1
	(135.5)	(98.8)

25 Disposals

	1998 £m	1997 £m
Tangible fixed assets	**6.4**	25.8
Investments	**22.9**	34.5
Net current assets/liabilities	**2.4**	180.0
Book value of net assets disposed	**31.7**	240.3
Loss on disposal	**(30.0)**	(56.6)
Deferred costs	**–**	43.3
Deferred consideration	**–**	(40.0)
Goodwill written back on disposal	**23.0**	–
Less cash included in undertakings disposed	**(1.3)**	–
Cash consideration	**23.4**	187.0

Notes to the accounts continued
for the year ended 31 March 1998

26 Management of liquid resources

	1998 £m	1997 £m
Increase in bank deposits and certificates of deposit	**(38.8)**	(17.7)

27 Financing

	1998 £m	1997 £m
Increase/(decrease) in short term borrowings	**80.8**	(111.9)

28 Analysis of net debt

	At 1 Apr 1997 £m	Cash flow £m	Other non-cash £m	At 31 Mar 1998 £m
Cash at bank and in hand	47.1	(46.7)	–	**0.4**
Overdrafts	(12.7)	(1.2)	–	**(13.9)**
	34.4	(47.9)	–	**(13.5)**
Loans due after 1 year	(194.5)	–	(0.2)	**(194.7)**
Loans due within 1 year	(323.7)	(80.8)	–	**(404.5)**
	(483.8)	(128.7)	(0.2)	**(612.7)**
Short term investments	257.4	38.8	–	**296.2**
	(226.4)	(89.9)	(0.2)	**(316.5)**

29 Cash and short term borrowings

		Short term borrowings			Net total	Cash
	Cash at bank	Overdrafts	Other	Total		(at bank and overdrafts)
	£m	£m	£m	£m	£m	£m
At 1 April 1996	39.0	(8.0)	(435.6)	(443.6)	(404.6)	31.0
Cash flow	8.1	(4.7)	111.9	107.2	115.3	3.4
At 1 April 1997	47.1	(12.7)	(323.7)	(336.4)	(289.3)	34.4
Cash flow	(46.7)	(1.2)	(80.8)	(82.0)	(128.7)	(47.9)
At 31 March 1998	**0.4**	**(13.9)**	**(404.5)**	**(418.4)**	**(418.0)**	**(13.5)**

30 Related party transactions

In accordance with the exemption set out in Financial Reporting Standard 8 (FRS 8), the company has not disclosed transactions with its ultimate holding company or any members of the group. United Utilities PLC is the company's ultimate controlling party as defined by FRS 8.

31 Ultimate parent undertaking

The directors regard United Utilities PLC as the ultimate parent undertaking. The results of the Company and the Group are consolidated within the Group accounts of United Utilities PLC and a copy of those accounts can be obtained from:

The Company Secretary
United Utilities PLC
P.O.Box 14
Birchwood Boulevard
Warrington
WA3 7WB

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