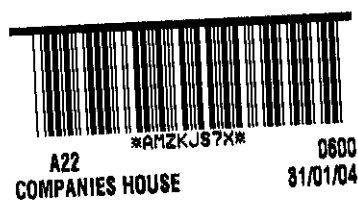


United Utilities Nominees Limited

Report and Financial Statements

For the year ended 31 March 2003

Registered number 2380261



United Utilities Nominees Limited

Director's Report and Financial Statements

For the year ended 31 March 2003

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United Utilities Nominees Limited

Director's Report

The Director presents his report and audited financial statements of the Company for the year ended 31 March 2003.

Principal activities and review of the business

The Company operates as a nominee investment Company.

Director and his interests

The only Director to have served during the year was UU Directorate Limited (formerly UU (C.D.) Limited).

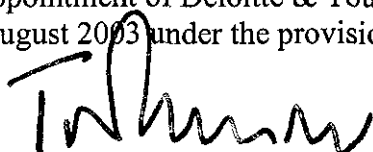
The Director at 31 March 2003 held no interest in the share capital of the Company or United Utilities PLC, the Company's ultimate parent undertaking.

During the year a director's and officer's liability insurance was in force.

Auditors

During the year, KPMG Audit plc resigned as the Company's auditors. The directors used their powers under the Companies Act 1985 to appoint Deloitte & Touche as the Company's auditors to fill the vacancy created by KPMG Audit plc's resignation.

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989.



By order of the Board

T M Rayner

For and on behalf of UU Secretariat Limited

Secretary

28 January 2004

Dawson House
Great Sankey
Warrington
Cheshire WA5 3LW

United Utilities Nominees Limited

Statement of Director's Responsibilities

United Kingdom company law requires the Director to prepare financial statements for each financial year which 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 those financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

United Utilities Nominees Limited

Independent Auditor's Report to the members of United Utilities Nominees Limited

We have audited the financial statements of United Utilities Nominees Limited for the year ended 31 March 2003 which comprise the balance sheet and the related notes 1 to 5. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 director and auditors

As described in the statement of director's responsibilities, the Company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the director's report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the Company is not disclosed.

We read the director's report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

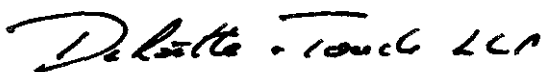
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2003 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors, Manchester

30 January 2004

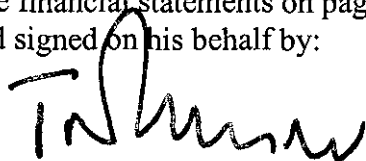
United Utilities Nominees Limited

Balance Sheet

at 31 March 2003

	Notes	2003 £	2002 £
Fixed Assets			
Investments	3	<u>23</u>	<u>23</u>
Current Assets			
Debtors – Share capital not paid		4	4
Creditors - amounts falling due within one year			
Amounts owed to parent undertaking		<u>(22)</u>	<u>(22)</u>
Net current liabilities		<u>(18)</u>	<u>(18)</u>
Net Assets		<u>5</u>	<u>5</u>
Capital and Reserves			
Called up share capital	4	<u>5</u>	<u>5</u>
Equity shareholders' funds		<u>5</u>	<u>5</u>

The financial statements on pages 6 to 9 were approved by the Director on 29/1/2004 and signed on his behalf by:



T M Rayner

For and on behalf of UU Directorate Limited

Director

United Utilities Nominees Limited

Notes to the Financial Statements

1 Accounting policies

Basis of preparation

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

Profit & Loss Account

During the current and preceding financial year, there have been no significant accounting transactions of the Company required to be entered in its accounting records and accordingly neither a profit nor a loss has been made, nor any other recognised gain or loss.

Cash flow statement

No cash flow statement has been prepared as the accounts of the ultimate parent company, United Utilities PLC, include a consolidated cash flow statement prepared in accordance with Financial Reporting Standard Number 1.

Related party transactions

As a wholly owned subsidiary, the company is exempt from disclosing transactions with other Group undertakings.

Investments

Investments are stated at cost less provision for any permanent diminution in value.

2 Operating expenses

The Director received no emoluments as director of the Company during the year (2002: £nil). There have been no employees of the company during the year (2002: nil).

The auditor's remuneration is borne by United Utilities PLC and is not recharged.

United Utilities Nominees Limited

Notes to the Financial Statements (cont'd)

3 Investments

At 31 March 2003 the Company had nominee holdings in the following companies:

North West Water Finance PLC
North West Water International Limited
Northern Hydro Limited
NB Generation Limited
NB Hydro Power (Wales) Limited
NB Leasing Limited
United Utilities North America Corporation
United Utilities Electricity PLC
NB Power Services (No 1) Limited
NB Property and Estate Services Limited
Elean Power Limited
Netforce Group PLC
United Utilities Service Delivery PLC
United Utilities Water PLC

These shares were purchased at nominal value and are shown at cost.

4 Share Capital

The authorised share capital consists of 100 £1 ordinary shares (2002: 100 £1 ordinary shares).

	2003 £	2002 £
Ordinary shares of £1 each:		
Allotted, issued and fully paid	<u>5</u>	<u>5</u>

United Utilities Nominees Limited

Notes to the Financial Statements (cont'd)

5 Ultimate Parent Undertaking

At 31 March 2003 the Company was a subsidiary of United Utilities Holdings Trustee Limited.

United Utilities PLC is the Company's ultimate parent undertaking, which is registered in England and Wales.

The smallest and largest 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
Dawson House
Great Sankey
Warrington WA5 3LW