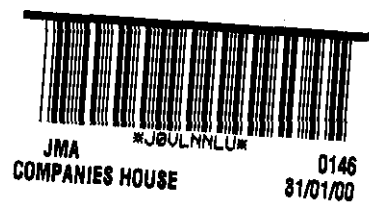


United Utilities Nominees Limited

Directors' report and Financial Statement

For the year ended 31 March 1999

Registered number 2380261



United Utilities Nominees Limited

Directors' report and financial statements

For the year ended 31 March 1999

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United Utilities Nominees Limited

Directors' report

The Directors present their report and audited financial statements of the Company for the year ended 31 March 1999.

Principal activities and review of the business

The Company operates as a nominee investment company. The only transactions which the Company entered into during the year were the purchase of nominee shareholdings in fellow subsidiaries at nominal value, consequently no profit and loss account has been prepared.

Year 2000

Following the change in millennium the company has not experienced any problems from the change in date. As the Company is unlikely to trade during the forthcoming year, the Directors do not anticipate that the change of millennium will have any further detrimental effect on the Company.

Directors and their interests

The Directors who served during the period were as follows:

Mr P N Applewhite
Mr T M Rayner

None of the Directors held any interest in the share capital of the company.

Directors of United Utilities PLC

The interests of serving Directors at 31 March 1999 in the share capital of United Utilities PLC, the Company's ultimate parent undertaking were as follows.

United Utilities Nominees Limited

Directors' report (cont'd)

	1999		1998	
	Ordinary Shares	Share Options	Ordinary Shares	Share Options
Mr P N Applewhite	8,216	9,843	8,156	9,593
Mr T M Rayner	-	15,543	-	15,543

Pursuant to S386 of CA1985 an elective resolution has been made dispensing with the requirement to re-appoint auditors annually. Therefore KPMG Audit PLC is deemed to continue as auditor of the Company.

By order of the Board

P N Applewhite

Secretary

PO Box 14, 410 Birchwood Boulevard, Warrington, Cheshire WA3 7WB

27.1.2000

United Utilities Nominees Limited

Statement of directors' responsibilities

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and 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 a going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors have a responsibility for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to comply with the Companies Act 1985.

The Directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

United Utilities Nominees Limited

Auditor's report to the members of United Utilities Nominees Limited

We have audited the financial statements on pages 7 to 9.

Respective responsibilities of directors and auditors

As described on page 5 the Company's directors are responsible for the preparation of the 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 an 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 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 at 31 March 1999 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG Audit Plc
Chartered Accountants
Registered Auditor
Manchester

31 January 2000

United Utilities Nominees Limited

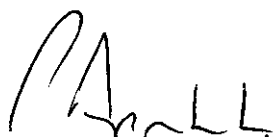
Balance Sheet

at 31 March 1999

	Notes	1999 £	1998 £
Fixed Assets			
Investments	2	21	-
Current Assets			
Debtors – Share capital not paid		4	5
Creditors - amounts falling due within one year			
Amounts owed to parent undertakings		(20)	-
Net current (liabilities) / assets		(16)	5
<hr/>			
Total Assets		<u>5</u>	<u>5</u>
<hr/>			
Capital and Reserves			
Called up share capital	3	<u>5</u>	<u>5</u>
Equity shareholders' funds		<u>5</u>	<u>5</u>

During the above financial period, there have been no significant accounting transactions of the Company required to be entered in its accounting records and accordingly no profit and loss account has been prepared.

The financial statements on pages 7 to 9 were approved by the Board of Directors and signed on its behalf by:



P N Applewhite
Director

27.1.2000

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 accounting standards.

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 or with investees of the Group qualifying as related parties.

2. Investments

At 31 March 1999 the Company had nominee holdings of £1 Ordinary shares in the following companies:

	1999	1998
	£	£
North West Water Finance PLC	2	-
North West Water International Limited	1	-
North West Water Limited	1	-
Northern Hydro Limited	2	-
NORWEB Generation Limited	2	-
NORWEB Hydro Power (Wales) Limited	2	-
NORWEB Leasing Limited	2	-
NORWEB North America Corporation	2	-
NORWEB plc	1	-
NORWEB Power Services (No 1) Limited	2	-
NORWEB Property and Estate Services Limited	4	-
	<u>21</u>	<u>-</u>

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

United Utilities Nominees Limited

3. Share Capital

The authorised share capital consists of 100 £1 ordinary shares (1998 100 £1 ordinary shares).

	1999 £	1998 £
Ordinary shares of £1 each:		
Allotted and issued	<u>5</u>	<u>5</u>

4. Ultimate Parent Undertaking

The directors regard United Utilities PLC as the company's ultimate parent undertaking.

At 31 March 1999 the Company was a subsidiary of United Utilities Holdings Trustee Limited, which is the smallest higher group of undertakings for which group accounts are drawn up. The results of the Company are consolidated within the Group accounts of United Utilities PLC.

The Group accounts of United Utilities Holdings Trustee Limited are consolidated within the Group accounts of United Utilities PLC, a company registered in England and Wales.

Copies of these accounts can be obtained from:

The Company Secretary
United Utilities PLC
Birchwood Point Business Park
Birchwood Boulevard
Birchwood
Warrington WA3 7WB