

United Utilities Nominees Limited

Director's Report and Financial Statements

For the year ended 31 March 2006

Registered number 2380261

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United Utilities Nominees Limited

Director's Report and Financial Statements

For the year ended 31 March 2006

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Director's Report

The director presents its report and audited financial statements of the Company for the year ended 31 March 2006.

The directors' report has been prepared in accordance with the special provisions relating to small companies under Section 246(4) of the Companies Act 1985.

Principal activities and review of the business

The Company operates as a nominee investment company. The only activity of the Company was the acquisition and disposal of nominee holdings within the United Utilities PLC group at no loss or gain to the Company and consequently no profit and loss account has been prepared.

Director and his interests

The only director of the Company during the year was UU Directorate Limited.

The director at 31 March 2006 held no interest in the share capital of the Company or United Utilities PLC, the Company's ultimate parent undertaking.

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

Disclosure of information to Auditors

In the case of each person who is a director at the time when the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with s234ZA of the Companies Act 1985.

Auditors

Pursuant to S386 of the Companies Act 1985 an elective resolution has been made to dispense with the requirement to re-appoint auditors annually. Therefore Deloitte & Touche LLP is deemed to act as auditor of the Company.

By order of the Board



S Gardiner

For and on behalf of UU Secretariat Limited

Secretary

Dawson House, Great Sankey, Warrington, Cheshire, WA5 3LW

31 January 2007

United Utilities Nominees Limited

Statement of Director's Responsibilities

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 proper accounting records that 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 1985. 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.

United Utilities Nominees Limited

Independent Auditors' 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 2006 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 directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Manchester

31 January 2007

United Utilities Nominees Limited

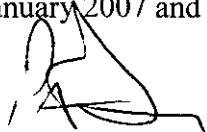
Balance Sheet

at 31 March 2006

	Notes	2006 £	2005 £
Fixed assets			
Investments	3	<u>24</u>	<u>24</u>
Current assets			
Debtors – Share capital not paid		4	4
Creditors - amounts falling due within one year			
Amounts owed to parent undertaking		<u>(23)</u>	<u>(23)</u>
Net current liabilities		<u>(19)</u>	<u>(19)</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>

During the financial year and preceding financial year, there have been no significant accounting transactions of the Company required to be entered in its accounting records other than the acquisition and disposal of nominee holdings within the United Utilities PLC group at no loss or gain to the Company and accordingly no profit and loss account has been prepared.

The financial statements on pages 4 to 7 were approved by the Board of Directors on 31 January 2007 and signed on its behalf by:



P Davies

For and on behalf of UU Directorate Limited

Director

United Utilities Nominees Limited

Notes to the Financial Statements

For the year ended 31 March 2006

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.

Group Accounts

The Company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a wholly owned subsidiary undertaking of United Utilities PLC, a company incorporated in Great Britain and registered in England and Wales.

Profit & Loss Account

During the current and preceding financial year, the Company has not traded 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 1 (Revised).

Related party transactions

As a wholly owned subsidiary, the Company is exempt from disclosing transactions with other group undertakings under Financial Reporting Standard 8.

Investments

Investments are stated at cost less provision for any impairment.

2 Operating expenses

The director received no emoluments as director of the Company during the year (2005: £nil). There have been no employees of the Company during the year (2005: nil).

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

United Utilities Nominees Limited

Notes to the Financial Statements (continued)

3 Investments

	£
Cost and Net Book Value	
As at 1 April 2005 and 31 March 2006	<u>24</u>

At 31 March 2006 the Company had nominee holdings in the following companies:

	%	Country of
	Held	incorporation
North West Water Finance PLC	0.002	England & Wales
North West Water International Limited	8.333	England & Wales
Northern Hydro Limited	0.001	England & Wales
NB Generation Limited	0.001	England & Wales
NB Hydro Power (Wales) Limited	50.0	England & Wales
NB Leasing Limited	50.0	England & Wales
United Utilities North America Corporation	0.000	Eire
United Utilities Electricity PLC	0.000	England & Wales
NB Power Services (No 1) Limited	50.0	England & Wales
NB Property and Estate Services Limited	1.961	England & Wales
Elean Power Limited	50.0	England & Wales
United Utilities North West PLC	0.000	England & Wales
(formerly called United Utilities Service Delivery PLC)		
United Utilities Water PLC	0.000	England & Wales
United Utilities Financial Services No. 1	0.500	England & Wales
Vertex Financial Services Limited	0.000	England & Wales

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

On 28 July 2005, the Company purchased one ordinary £0.1 share in Vertex Financial Services Limited.

On 31 January 2006, the Company sold one ordinary £1 share in Netforce Group PLC for £1 consideration on no gain/loss terms.

United Utilities Nominees Limited

Notes to the Financial Statements (continued)

4 Share capital

The authorised share capital consists of 100 £1 ordinary shares (2005: 100 £1 ordinary shares).

	2006 £	2005 £
5 ordinary shares of £1 each: Allotted and issued	<u>5</u>	<u>5</u>

5 Ultimate parent undertaking

At 31 March 2006 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