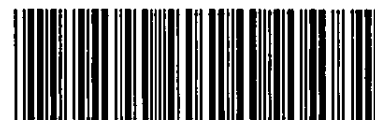


United Utilities Nominees Limited

Report and Financial Statements

31 March 2008

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United Utilities Nominees Limited

Registered No: 2380261

Director

UU Directorate Limited

Secretary

UU Secretariat Limited

Auditors

Deloitte LLP
2 Hardman Street
Manchester
M3 3HF

Registered office

Haweswater House
Lingley Mere Business Park
Lingley Green Avenue
Great Sankey
Warrington
WA5 3LP

Director's report

The director presents its report and financial statements of the company for the year ended 31 March 2008.

The director's 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

The only activity of the company is the acquisition and disposal of nominee holdings within the United Utilities PLC group. Such transactions in the current and prior years took place at no loss or gain to the company and consequently no profit and loss account has been prepared. The directors expect a similar level of activity to continue in the future.

Director

The only director of the company during the year and thereafter was UU Directorate Limited.

During the year directors' and officers' liability insurance was in force.

Disclosure of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that:

1. so far as he or she is aware, there is no relevant audit information of which the company's auditors are unaware; and
2. he or 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 auditors are aware of that information.

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

Auditors

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. A resolution to reappoint Deloitte LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



A J Taylor
For and on behalf of UU Secretariat Limited
Secretary
21 January 2009

Statement of director's responsibilities in respect of the financial statements

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable the director to ensure that the financial statements comply with the Companies Act 1985. The director is 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 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 2008 which comprise the balance sheet and the related notes 1 to 6. 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

The director's 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 United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion, the directors' report is consistent with the financial statements. We also 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 director's remuneration and other transactions is not disclosed.

We read the director's report and the statement of director's responsibilities 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 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 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 2008 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 director's report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP

Chartered Accountants and Registered Auditors

Manchester, United Kingdom

22 January 2009

Balance sheet

At 31 March 2008

	Note	2008 £	2007 £
Fixed assets			
Investments	4	11	24
Current assets			
Debtors – called up share capital not paid		4	4
Creditors: amounts falling due within one year		(10)	(23)
Amounts owed to parent undertaking			
Net current liabilities		(6)	(19)
Net assets		5	5
Capital and reserves			
Called up share capital	5	5	5
Shareholders' funds		5	5

Approved by the director on 21 January 2009 and signed on its behalf by:



JL Gilmore
For and on behalf of UU Directorate Limited
Director

Notes to the financial statements

At 31 March 2008

1. Accounting policies

Basis of preparation

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

Exemption from preparing group financial statements

The financial statements contain information about United Utilities Nominees Limited as an individual company and do not contain consolidated financial information as a parent of a group. At 31 March 2008, the company was exempt under section 228 of the Companies Act 1985 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 PLC, a company incorporated in Great Britain and registered in England and Wales.

Profit and loss account

The company did not trade during the current or prior year and accordingly neither a profit nor a loss has been made; consequently, no profit and loss account has been prepared.

Cash flow statement

At 31 March 2008, the company was a wholly owned subsidiary of United Utilities PLC and was included in its consolidated financial statements, 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

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 'Related party transactions' not to disclose transactions or balances with entities which form part of the group.

Fixed asset investments

These are valued at cost less any provision for impairment.

2. Director's emoluments

The director's fees are borne by other group companies and are not recharged. This is because a fair apportionment is not possible as services are provided to multiple entities (2007: nil).

3. Operating expenses

The company had no employees during the year (2007: nil).

The auditors' remuneration for the statutory audit of the company was borne by another group undertaking in the current year. The amount attributable but not recharged to United Utilities Nominees Limited was £1,000 (2007: £1,000). There were no non-audit services in either year.

Notes to the financial statements (continued)

At 31 March 2008

4. Investments

Unlisted investments (shares in subsidiary undertakings)

Cost and net book value	£
At 1 April 2007	24
Additions	1
Disposals	(14)
At 31 March 2008	11

At 31 March 2008 the company had nominee holdings in the following companies:

Name	% held	Country of incorporation	Nature of business
North West Water Finance Limited	0.002	England & Wales	Non-trading
North West Water International Limited	8.333	England & Wales	Non-trading
Northern Hydro Limited	0.001	England & Wales	Non-trading
NB Hydro Power (Wales) Limited	50.0	England & Wales	Non-trading
United Utilities North America Corporation	0.000	Ireland	Lending activities
NB Power Services (No 1) Limited	50.0	England & Wales	Non-trading
Elean Power Limited	50.0	England & Wales	Non-trading
United Utilities North West PLC	0.000	England & Wales	Investment holding company
United Utilities Water PLC	0.000	England & Wales	Management and operation of water and wastewater assets
United Utilities Financial Services No. 1	0.5	England & Wales	Non-trading
United Utilities Investments (No. 3)	0.000	England & Wales	Investment holding company
United Utilities Investments (No. 4)	0.000	England & Wales	Investment holding company

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

During the year, the company purchased one ordinary £0.0001 share in United Utilities Investments (No. 3) and one ordinary £1 share in United Utilities Investments (No. 4). It also sold its nominee holdings in NB Generation Limited, NB Leasing Limited, United Utilities Electricity Limited (formerly United Utilities Electricity PLC), NB Property and Estate Services Limited and Vertex Financial Services Limited for £1 consideration on no gain/(loss) terms.

Notes to the financial statements (continued)

At 31 March 2008

5. Called up share capital

	2008	2007
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted and issued		
5 ordinary shares of £1 each	5	5
	<u> </u>	<u> </u>

6. Parent undertaking and controlling party

At 31 March 2008 the company was a subsidiary of United Utilities Holdings Trustee Limited.

The ultimate parent company and controlling party was United Utilities PLC, a company registered in England and Wales.

The smallest and largest group in which the results of the company were consolidated was 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.

From 28 July 2008, United Utilities Group PLC became the listed holding company of United Utilities PLC and its subsidiaries. From this date United Utilities Group PLC became the ultimate parent undertaking and ultimate controlling party and also the largest group in which the results of the company are consolidated. United Utilities PLC continues to head the smallest group in which the results of the company are consolidated.