

United Utilities Nominees Limited

Directors' report and Financial Statements

For the year ended 31 March 2002

Registered number 2380261



United Utilities Nominees Limited

Directors' report and financial statements

For the year ended 31 March 2002

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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 2002.

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.

Directors and their interests

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

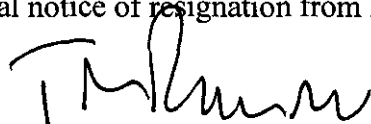
The Director at 31 March 2002 held no interest in the share capital of the Company or United Utilities PLC, the Company's ultimate parent undertaking.

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

Auditors

KPMG Audit Plc has notified the Company that it will not be continuing as the Company's auditors. As a consequence of this casual vacancy a resolution of the Directors will be proposed to appoint Deloitte & Touche as the Company's auditors following receipt of the formal notice of resignation from KPMG Audit Plc.

TR X



By order of the Board

T M Rayner

For and on behalf of UU (C.S.) Limited

Secretary

29th January 2003

Dawson House
Great Sankey
Warrington
Cheshire WA5 3LW

United Utilities Nominees Limited

Statement of directors' responsibilities

Company law requires the Directors 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 for that period.

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 are responsible for keeping 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. They have 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.



KPMG Audit Plc

St James' Square
Manchester
M2 6DS
United Kingdom

Report of the independent auditors to the members of United Utilities Nominees Limited

We have audited the financial statements on pages 6 to 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the directors' 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 directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 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 of the state of the company's affairs as at 31st March 2002 and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

30 January 2003

United Utilities Nominees Limited

Balance Sheet

at 31 March 2002

	Notes	2002 £	2001 £
Fixed Assets			
Investments	2	<u>23</u>	<u>22</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>(21)</u>
Net current liabilities		(18)	(17)
		<u> </u>	<u> </u>
Net Assets		<u>5</u>	<u>5</u>
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 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 6 to 8 were approved by the Board of Directors on 29th January 2003 and signed on its behalf by:

TR x 
T M Rayner

For and on behalf of UU (C.D.) 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 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.

Investments

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

2. Investments

At 31 March 2002 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 (formerly NORWEB Generation Limited)
NB Hydro Power (Wales) Limited (formerly NORWEB Hydro Power (Wales) Limited)
NB Leasing Limited (formerly NORWEB Leasing Limited)
United Utilities North America Corporation (formerly NORWEB North America Corporation)
United Utilities Electricity PLC (formerly NORWEB plc)
NB Power Services (No 1) Limited (formerly NORWEB Power Services (No1) Limited)
NB Property and Estate Services Limited (formerly NORWEB 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.

United Utilities Nominees Limited

Notes to the Financial Statements (cont'd)

2. Investments (cont'd)

On 12 July 2001, the Company purchased one ordinary £1 share in United Utilities Water PLC (formerly United Utilities Water Limited).

3. Share Capital

The authorised share capital consists of 100 £1 ordinary shares (2001: 100 £1 ordinary shares).

	2002 £	2001 £
Ordinary shares of £1 each:		
Allotted and issued	<u>5</u>	<u>5</u>

4. Ultimate Parent Undertaking

At 31 March 2002 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