



230077

DŴR CYMRU
WELSH WATER

**Report and Financial Statements
for the Year Ended 31 March 1991**

DWR CYMRU CYFYNGEDEG

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DŴR CYMRU CYFYNGEDIG

ADRODDIAD Y CYFARWYDDWYR

Mae'r Cyfarwyddwyr yn cyflwyno eu Hadroddiad gyda'r datganiadau ariannol ar gyfer y flwyddyn yn diwedd 31 Mawrth 1991.

Prif Weithgareddau Masnachu

Prif weithgareddau masnachu'r Cwmni yw cyflenwi dŵr a thrin a gwaredu dŵr gwastraff yn unol a'r Offeryn Penodiad a wnaed gan Ysgrifennydd Gwladol Cymru o dan Ddeddf Dŵr 1989.

Canlyniadau Masnachu

Ceir manylion trosiant, elw, a throsglwyddo i adnoddau wrth gefn am y flwyddyn yn y Cyfrif Elw a Cholled ar dudalen 11.

Difidend

Mae'r Cyfarwyddwyr yn argymhell dylid talu difidend terfynol o 13.4 ceiniog am bob cyfran gyffredin gan wneud cyfanswm y difidend am y flwyddyn yn 27.0 ceiniog am bob cyfran.

Cyfalaf Cyfranddaliadau

Ceir manylion y cyfalaf cyfranddaliadau a Awdurdodwyd ac a Ddyroddwyd ar dudalen 29.

Y Cyfarwyddwyr a Buddiannau'r Cyfarwyddwyr

Ceir isod enwau'r Cyfarwyddwyr ar gyfer y flwyddyn yn diwedd 31 Mawrth 1991 ynghyd a'u buddiannau yng nghyfalaf cyfranddaliadau Welsh Water PLC, sef y prif Gwmni. Nid oes gan unrhyw Gyfarwyddwr fuddiannau yng nghyfalaf cyfranddaliadau'r Cwmni ei hunan.

Mae'r Meistri J.E.Jones, D.A.Jeffrey a G.A.Hawker hefyd yn Gyfarwyddwyr Welsh Water PLC a datgelir eu buddiannau yn Adroddiad Cyfarwyddwyr y Cwmni hwnnw.

DWR CYMRU CYFYNGEDIG

ADRODDIAD Y CYFARWYDDWYR

Y Cyfarwyddwyr a Buddiannau'r Cyfarwyddwyr (parhad)

	Cyfranddaliadau Cyffredin o £1		Opsiyonau Cyfranddaliadau	Opsiyonau
	<u>31.3.90</u>	<u>31.3.91</u>	<u>i Weithredwyr*</u>	<u>Sharesave*</u>
A.R.Brain	595**	595	36,075	2,386
Dr M.P.Brooker	2,286	2,286	36,700	2,045
B.H.Charles	2,295	2,295	38,357	-
N.R.Hufton	782	782	34,875	2,045
T.G.Jones	8,666	7,466	36,845	6,136
J.D.R.Williams	4,349	4,349	31,727	6,136

Nodiadau

* Ar 31 Mawrth 1990 (neu ddyddiad y penodiad) ac ar 31 Mawrth 1991, ac eithrio Dr M.P.Brooker a oedd yn dal 35,271 o Opsiynau Cyfranddaliadau i Weithredwyr ar 31 Mawrth 1991. Mae Opsiynau i Weithredwyr yn cael eu dal ar brisiau rhwng 281c a 349.67c am bob cyfranddaliad ac Opsiynau Sharesave am 176c am bob cyfranddaliad.

** Ar ddyddiad y penodiad, sef 1 Tachwedd 1990.

Asedion Sefydlog

Ceir dadansoddiad o'r gwarant cyfalaf ar dudalennau 19, 20 a 21.

Gweithwyr

Cofnodir nifer y staff sy'n gweithio i'r Cwmni ar dudalen 17.

Mae'r Cwmni'n aelod o grŵp Cwmnïau Welsh Water PLC, ac mae wedi mabwysiadu'r polisiau a nodir yn Adroddiad y Cwmni hwnnw mewn perthynas â phenodi staff a chyfleoedd hyfforddi, cyfranogiad ariannol y staff yn y Cwmni, cyflogi pobl anabl a chyfleoedd cyfartal.

DWR CYMRU CYFYNGEDIG

ADRODDIAD Y CYFARWYDDWYR

Rhoddion Elusennol a Gwleidyddol

Ni wnaed unrhyw roddion gwleidyddol. Gwneir rhoddion elusennol ar ran grŵp Welsh Water a cheir adroddiad arnynt yn Adroddiad Cyfarwyddwyr Welsh Water PLC.

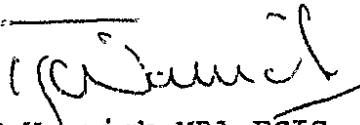
Ymchwil a Datblygu

Mae ymchwil a datblygu yn parhau'n elfen bwysig yn y gwelliannau parhaus mewn effeithlonedd gweithredol a wneir gan y Cwmni, ac yn y cwrdd â safonau cenedlaethol a rhyngwladol mewn perthynas â dŵr yfed ac elifiant a llaid carthion.

Archwilwyr

Mae Coopers & Lybrand Deloitte wedi nodi eu bod yn barod i barhau mewn swydd ac fe gynigir penderfyniad i'w hail-benodi yn y Cyfarfod Cyffredinol Blynnyddol.

Drwy Orchymyn y Bwrdd



T.J. Warwick MBA FCIS
Ysgrifennydd
22 Mai 1991

Swyddfa Gofrestredig: Plas-y-Ffynnon, Ffordd Cambria, Aberhonddu,
Powys, LD3 7HP.

Rhif Cwmni: 2366777

DWR CYMRU CYFYNGEDIG

REPORT OF THE DIRECTORS

The Directors submit their Report together with the financial statements for the year ended 31 March 1991.

Principal Trading Activities

The principal trading activities of the Company are the supply of water and the treatment and disposal of waste water under the Instrument of Appointment made by the Secretary of State for Wales under the Water Act 1988.

Trading Results

Details of the turnover, profit and transfer to reserves for the year are shown in the Profit and Loss Account on page 11.

Dividend

The Directors recommend payment of a final dividend of 13.4 pence per ordinary share making a total dividend for the year of 27.0 pence per share.

Share Capital

Details of the Authorised and Issued share capital are reported on page 29.

Directors and Directors Interests

The Directors who have held office during the year ended 31 March 1991 and their interests in the share capital of Welsh Water PLC as the Company's ultimate parent are shown below. No Directors have an interest in the share capital of the Company itself.

Messrs J.E.Jones, D.A.Jeffrey and G.A.Hawker are also Directors of Welsh Water PLC and their interests are disclosed in the Directors' Report of that Company.

DWR CYMRU CYFYNGEDIG

REPORT OF THE DIRECTORS

Directors and Directors Interests (continued)

	Ordinary Shares of £1		Executive Share Options*	Sharesave Options*
	31.3.90	31.3.91		
A.R.Brain	595**	595	36,075	2,386
Dr M.P.Brooker	2,286	2,286	36,700	2,045
B.H.Charles	2,295	2,295	38,357	-
N.R.Hufton	782	782	34,875	2,045
T.G.Jones	8,666	7,466	36,845	6,136
J.D.R.Williams	4,349	4,349	31,727	6,136

Notes

* As at 31 March 1990 (or date of appointment) and 31 March 1991, except for Dr M.P.Brooker who held 35,271 Executive Share Options at 31 March 1991. Executive Options are held at prices between 281p and 349.67p per share and Sharesave Options at 176p per share.

** As at the date of appointment, being 1 November 1990.

Fixed Assets

An analysis of capital expenditure is reported on pages 19, 20 and 21.

Employees

The number of employees of the Company is reported on page 17.

The Company is a member of the Welsh Water PLC group of Companies and has adopted the policies set out in the Directors Report of that Company in respect of staff recruitment and training opportunities, financial participation of employees in the Company, the employment of disabled persons and equal opportunities.

DWR CYMRU CYFYNGEDIG

REPORT OF THE DIRECTORS

Charitable and Political Donations

There have been no political donations. Charitable donations are made on behalf of the Welsh Water group and are reported in the Directors Report of Welsh Water PLC.

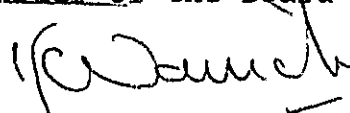
Research and Development

Research and development remains an important element in the continuing improvement in operational efficiency made by the Company and to the achievement of both national and international standards for potable water and sewage effluent and sludge.

Auditors

Coopers & Lybrand Deloitte have signified their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board


T.J. Warwick MBA FCIS
Secretary
22 May 1991

Registered Office: Plas-y-Ffynnon, Cambrian Way, Brecon,
Powys, LD3 7HP.

Company Number: 2366777

DWR CYMRU CYFYNGEDIG

REPORT OF THE AUDITORS TO THE MEMBERS OF DWR CYMRU CYFYNGEDIG

We have audited the financial statements on pages 8 to 31 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company at 31 March 1991 and of the profit and the source and application of funds for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

COOPERS & LYBRAND DELOITTE
Chartered Accountants
CARDIFF
24 May 1991

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the accounting policies is shown below.

Basis of Accounting

These financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents the income receivable in the ordinary course of business for services provided, and excludes where appropriate Value Added Tax.

Tangible Fixed Assets And Depreciation

Tangible fixed assets comprise:

(i) Infrastructure assets (being mains and sewers, impounding and pumped raw water storage reservoirs, dams, sludge pipe lines and sea outfalls); and

(ii) Other assets (including properties, overground plant and equipment and fixtures and fittings).

Infrastructure assets:

Infrastructure assets comprise a network of systems. Expenditure on infrastructure assets relating to increases in capacity or enhancements of the network is treated as additions which are included at cost.

Expenditure on maintaining the operating capability of the network in accordance with defined standards of service is charged as an operating cost.

No depreciation is charged on infrastructure assets because the network of systems is required to be maintained in perpetuity and therefore has no finite economic life.

Tangible Fixed Assets And Depreciation (continued)

Other assets:

Other assets are included at cost, less accumulated depreciation.

Freehold land is not depreciated. Other assets are depreciated evenly over their estimated useful economic lives, which are principally as follows:

Buildings	30-60 years
Operational structures	40-80 years
Fixed plant	20-40 years
Vehicles, mobile plant and equipment	4-10 years

Assets in the course of construction are not depreciated until commissioning.

Leased Assets

Where assets are financed by leasing arrangements which transfer substantially all the risks and rewards of ownership of an asset to the lessee (finance leases), the assets are treated as if they had been purchased and the corresponding capital cost is shown as an obligation to the lessor. Leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the obligation to the lessor and the finance charges being written off to the profit and loss account over the period of the lease in reducing amounts in relation to the written down amount. The assets are depreciated over the shorter of their estimated useful lives and the lease periods. All other leases are regarded as operating leases. Rental costs arising under operating leases are charged to the profit and loss account in the year to which they relate.

Government Grants And Contributions And Infrastructure Charges

Government grants and contributions in respect of specific expenditure on non-infrastructure fixed assets are treated as deferred income and recognised in the profit and loss account over the expected useful economic lives of the related assets. The cost and accumulated depreciation at 1 April 1990 are restated to take account of the change in accounting policy relating to non-infrastructure assets.

Grants and contributions and infrastructure charges relating to infrastructure assets, which are non-depreciating assets, have been offset against fixed assets

Investments

Investments held as fixed assets are stated at cost less amounts written off or provided to reflect permanent diminution in value. Those held as current assets are stated at the lower of cost and net realisable value.

Stocks And Work In Progress

Stocks are stated at cost less any provision necessary to recognise damage and obsolescence. Work in progress is valued at the lower of cost and net realisable value. Cost includes labour, materials, transport and directly attributable overheads.

Pension Costs

The cost of providing pensions is charged to the profit and loss account on a basis which spreads the cost over the service lives of the employees. Variations from regular cost are spread over the expected remaining service lives of employees in the scheme. The contributions to the schemes are based on the advice of a professionally qualified actuary.

Foreign Currencies

All transactions denominated in foreign currencies are translated into sterling at the actual rates of exchange ruling at the dates of the transactions. Foreign currency balances are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

Research And Development

Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

Deferred Taxation

Deferred taxation is provided to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes to the extent that it is probable that a liability for taxation will crystallise as a result of the reversal of those timing differences.

DWR CYMRU CYFYNGEDIG

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1991

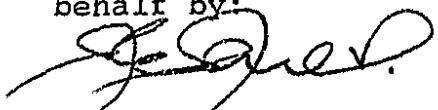
	Note	1991 £m	1990 £m
Turnover	1	287.6	255.0
Net Operating Costs	2	(191.4)	(187.6)
Operating Profit		<u>96.2</u>	<u>67.4</u>
Interest receivable		34.8	9.9
Interest payable	5	(3.0)	(33.7)
Profit on Ordinary Activities before Taxation		<u>128.0</u>	<u>43.6</u>
Taxation	6	-	-
Profit on Ordinary Activities after Taxation		<u>128.0</u>	<u>43.6</u>
Extraordinary item	7	-	(3.3)
Profit for the Year		<u>128.0</u>	<u>40.3</u>
Dividends	8	(74.5)	(38.7)
Retained Profit for the Year	22	<u><u>53.5</u></u>	<u><u>1.6</u></u>

DWR CYMRU CYFYNGEDIG

BALANCE SHEET AT 31 MARCH 1991

	Note	1991 £m	1990 £m
Fixed Assets			
Tangible assets	10	779.4	667.4
Investments	11	0.2	0.2
		<u>779.6</u>	<u>667.6</u>
Current Assets			
Stocks and work in progress	12	5.2	4.5
Debtors	13	64.5	59.0
Current asset investments	14	197.0	216.6
		<u>266.7</u>	<u>280.1</u>
Current Liabilities			
Creditors: Amounts falling due within one year	15 (a)	155.1	117.9
Net Current Assets		<u>111.6</u>	<u>162.2</u>
Total Assets Less Current Liabilities		<u>891.2</u>	<u>829.8</u>
Creditors: Amounts falling due after more than one year	15 (b)	18.8	19.7
Provisions for Liabilities and Charges	20	48.1	39.3
Net Assets		<u><u>824.3</u></u>	<u><u>770.8</u></u>
Capital and Reserves			
Called up share capital	21	276.1	276.1
Reserves	22	548.2	494.7
Shareholders' Funds		<u><u>824.3</u></u>	<u><u>770.8</u></u>

The financial statements on pages 8 to 31 were approved by the Board of Directors on the 22 May 1991 and were signed on its behalf by:



JOHN E. JONES, CBE, DL Chairman



D. A. JEFFREY Managing Director



G. A. HAWKER Finance Director



DWR CYMRU CYFYNGEDIG

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 MARCH 1991

	1991 £m	1990 £m
Source of Funds		
Profit on ordinary activities before taxation	128.0	43.6
Extraordinary item	-	(3.3)
	<u>128.0</u>	<u>40.3</u>
Items not involving the movement of funds:		
Depreciation of tangible fixed assets	22.1	19.1
Grants and contributions released	(0.3)	(0.5)
Profit on sale of tangible fixed assets	(1.0)	(2.3)
Infrastructure maintenance provision	3.4	10.5
	<u>152.2</u>	<u>67.1</u>
Funds generated from operations		
Funds from other sources:		
Proceeds from the sale of tangible fixed assets	1.1	4.9
Proceeds from the sale of fixed asset investments	-	0.2
Proceeds from the issue of shares	-	276.1
Grants and contributions	14.0	7.8
Loans	-	40.6
New finance leases	0.7	-
	<u>15.8</u>	<u>329.6</u>
Total funds from other sources	<u>15.8</u>	<u>329.6</u>
Total source of funds	<u>168.0</u>	<u>396.7</u>
Application of funds		
Purchase of tangible fixed assets	(142.5)	(97.6)
Purchase of fixed asset investments	-	(0.1)
Loan repayments	(1.0)	(59.6)
Finance lease capital repayments	(0.3)	(0.3)
Other creditors falling due after more than one year	(0.2)	(0.5)
Dividends paid	(60.7)	(15.5)
	<u>(204.7)</u>	<u>(173.6)</u>
Net source/(application) of funds	<u>(36.7)</u>	<u>223.1</u>

The net source/(application) of funds is represented by the following increases/(decreases) in working capital:

Stocks and work in progress	0.7	0.5
Debtors	5.5	20.3
Current asset investments	(19.6)	216.6
Creditors: Amounts falling due within one year	(31.1)	10.6
	<u>(44.5)</u>	<u>248.0</u>
Movement in liquid funds:		
Bank overdraft	7.8	(24.9)
Increase/(Decrease) in working capital	<u>(36.7)</u>	<u>223.1</u>

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES

	Turnover		Operating Profit	
	1991 £m	1990 £m	1991 £m	1990 £m
Water Services	166.2	144.7	48.8	25.5
Sewerage Services	121.4	110.2	47.4	41.9
Other Trading Activities	-	0.1	-	-
	<u>287.6</u>	<u>255.0</u>	<u>96.2</u>	<u>67.4</u>
Interest receivable			34.8	9.9
Interest payable			(3.0)	(33.7)
Profit on ordinary activities before taxation			<u>128.0</u>	<u>43.6</u>

2. NET OPERATING COSTS

	Note	1991 £m	1990 £m
(a) Change in stocks and work in progress		(0.7)	(0.5)
Infrastructure renewals expenditure	20(b)	20.9	17.8
Other operating income	2(b)	(1.2)	(2.5)
Staff costs	4(b)	48.9	45.8
Depreciation:			
Own assets		20.7	17.7
Assets held under finance leases		1.4	1.4
Grants and contributions released to the Profit and Loss Account	20(c)	(0.3)	(0.5)
Other operating charges		101.7	108.4
		<u>191.4</u>	<u>187.6</u>

	1991 £m	1990 £m
(b) Other operating income comprises:		
Profits on sale of tangible fixed assets	1.0	2.3
Net rents receivable	0.2	0.2
	<u>1.2</u>	<u>2.5</u>

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

3. OPERATING PROFIT	1991	1990
	£m	£m
Operating profit is stated after charging/(crediting):		
Auditors' remuneration	0.1	0.1
Research and development	0.7	0.9
Rentals under operating leases:		
Hire of plant and equipment	1.4	1.3
Other operating leases	0.7	0.4
Exceptional items:		
Voluntary severance and restructuring costs	-	6.5
Discount arising from early repayment of loans	-	(1.4)
	<u> </u>	<u> </u>

4. DIRECTORS AND EMPLOYEES

(a) Directors' Remuneration

The directors of the Company were appointed with effect from 1 September 1989. Prior to their appointment a number of them served as members of the Welsh Water Authority.

The remuneration paid to the directors of Dŵr Cymru Cyfyngedig for the period from 1 September 1989, the date of their appointment, to 31 March 1990 has been included in the comparative figures shown below:

	1991	1990
	£000	£000
Fees	-	-
Other emoluments	298	139
Contributions to Pension Schemes	35	15
	<u> </u>	<u> </u>
	<u>333</u>	<u>154</u>

Fees and other emoluments described above (excluding pension contributions) include amounts paid to:

The Chairman	<u> </u>	<u> </u>
The highest paid director	<u>59</u>	<u>29</u>

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

4. DIRECTORS AND EMPLOYEES (continued)

(a) Directors' Remuneration (continued)

The emoluments of the directors (excluding pension contributions) were in the following bands:

	1991 Number	1990 Number
£20,001 - £25,000	1	-
£25,001 - £30,000	-	5
£50,001 - £55,000	3	-
£55,001 - £60,000	2	-

The Chairman, Managing Director and Finance Director have service contracts with Welsh Water PLC. Since 1 September 1989 no emoluments have been paid to these directors by the Company. However, the Company has borne a management charge from Welsh Water PLC which includes a charge for services of those directors provided to the Company.

(b) Staff Costs	1991 £m	1990 £m
Wages and salaries	49.6	47.0
Social security costs	3.9	3.5
Other pension costs	5.0	4.4
	<u>58.5</u>	<u>54.9</u>

Total staff costs have been charged as follows:

	1991 £m	1990 £m
Tangible fixed assets	8.9	8.5
Operating Costs:		
- Infrastructure assets maintenance	0.7	0.6
- Other	48.9	45.8
	<u>58.5</u>	<u>54.9</u>

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

4. DIRECTORS AND EMPLOYEES (continued)

(c) Average weekly number of employees during the year

	1991 Number			1990 Number		
	Non Manual	Manual	Total	Non Manual	Manual	Total
Full time	1665	1688	3353	1631	1687	3318
Part time	64	38	102	35	44	79
	<u>1729</u>	<u>1726</u>	<u>3455</u>	<u>1666</u>	<u>1731</u>	<u>3397</u>

5. INTEREST PAYABLE

	1991 £m	1990 £m
Interest payable:		
On Government loans extinguished during the year (see note 22(a))	-	30.5
On bank loans, overdrafts and other loans		
- repayable within five years, not by instalments	1.2	1.3
- repayable wholly or partly in more than five years	1.7	1.8
	<u>2.9</u>	<u>33.6</u>
On finance leases	0.1	0.1
	<u>3.0</u>	<u>33.7</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

6. TAXATION

No liability to Mainstream Corporation Tax arises due to the availability of taxation losses.

Taxation losses are available to the Company for carry forward to reduce future trading profits. The amount available for carry forward is subject to negotiation with the Inland Revenue and is estimated to be not less than £2m. (1990 £30m)

The tax charge for the year has been reduced by £41m (1990 £19.3m) in respect of the excess of tax allowances over depreciation and other timing differences on which, in accordance with the Company's accounting policy, no deferred tax has been provided.

7. EXTRAORDINARY ITEM

	1991 £m	1990 £m
Privatisation and restructuring costs	-	3.3

8. DIVIDENDS

	1991 £m	1990 £m
Interim dividends paid of 13.6p per share (1990 5.6p)	37.5	15.5
Proposed final dividend of 13.4p per share (1990 8.4p)	37.0	23.2
	<u>74.5</u>	<u>38.7</u>

9. PRIOR YEAR ADJUSTMENT

Grants and contributions on non-infrastructure assets are credited to deferred income in compliance with the Companies Act 1989 and Statement of Standard Accounting Practice No.4 (revised) "Accounting for Government Grants". The cost and accumulated depreciation at 1 April 1990 have been restated to take account of this change in accounting policy. (See note 10(c)(ii))
The net effect on the profit and loss account and reserves is nil.

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

10.(a) TANGIBLE FIXED ASSETS - ANALYSIS BY ASSET TYPE

	Freehold Land and Buildings £m	Infra- structure Assets £m	Vehicles, Plant and Equipment £m	Opera- tional Structures £m	Total £m
Cost					
At 1 April 1990	20.6	289.7	127.0	355.2	792.5
Reclassification	(0.6)	0.5	(1.2)	1.3	-
Prior year adjustment	1.0	-	3.5	30.3	34.8
	<u>21.0</u>	<u>290.2</u>	<u>129.3</u>	<u>386.8</u>	<u>827.3</u>
Additions	2.1	58.2	28.7	53.5	142.5
Grants & contributions	-	(8.3)	-	-	(8.3)
Disposals	-	-	(2.0)	-	(2.0)
	<u>23.1</u>	<u>340.1</u>	<u>156.0</u>	<u>440.3</u>	<u>959.5</u>
Accumulated Depreciation					
At 1 April 1990	3.0	-	36.0	114.9	153.9
Prior year adjustment	0.1	-	0.2	5.7	6.0
	<u>3.1</u>	<u>-</u>	<u>36.2</u>	<u>120.6</u>	<u>159.9</u>
Charge for the year	0.8	-	12.8	8.5	22.1
Disposals	-	-	(1.9)	-	(1.9)
	<u>3.9</u>	<u>-</u>	<u>47.1</u>	<u>129.1</u>	<u>180.1</u>
Net Book Value					
At 31 March 1991	<u>19.2</u>	<u>340.1</u>	<u>108.9</u>	<u>311.2</u>	<u>779.4</u>
At 31 March 1990	<u>17.9</u>	<u>290.2</u>	<u>93.1</u>	<u>266.2</u>	<u>667.4</u>
Utilisation at 31 March 1991					
Owned	19.2	340.1	105.0	311.2	775.5
Finance leased	-	-	3.9	-	3.9
	<u>19.2</u>	<u>340.1</u>	<u>108.9</u>	<u>311.2</u>	<u>779.4</u>

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

10. (b) TANGIBLE FIXED ASSETS - ANALYSIS BY SERVICE

	Water Services £m	Sewerage Services £m	Other Trading Activities £m	General £m	Total £m
Cost					
At 1 April 1990	357.1	343.6	0.8	91.0	792.5
Reclassification	0.6	1.7	-	(2.3)	-
Prior year adjustment	19.0	15.4	-	0.4	34.8
	<u>376.7</u>	<u>360.7</u>	<u>0.8</u>	<u>89.1</u>	<u>827.3</u>
Additions	65.9	59.1	-	17.5	142.5
Grants & Contributions	(4.2)	(4.1)	-	-	(8.3)
Disposals	-	-	-	(2.0)	(2.0)
	<u>438.4</u>	<u>415.7</u>	<u>0.8</u>	<u>104.6</u>	<u>959.5</u>
Accumulated Depreciation					
At 1 April 1990	58.5	67.5	-	27.9	153.9
Prior year adjustment	3.6	2.4	-	-	6.0
	<u>62.1</u>	<u>69.9</u>	<u>-</u>	<u>27.9</u>	<u>159.9</u>
Charge for the year	5.7	6.5	-	9.9	22.1
Disposals	-	-	-	(1.9)	(1.9)
	<u>67.8</u>	<u>76.4</u>	<u>-</u>	<u>35.9</u>	<u>180.1</u>
Net Book Value					
At 31 March 1991	<u>370.6</u>	<u>339.3</u>	<u>0.8</u>	<u>68.7</u>	<u>779.4</u>
At 31 March 1990	<u>314.6</u>	<u>290.8</u>	<u>0.8</u>	<u>61.2</u>	<u>667.4</u>
Utilisation at 31 March 1991					
Owned	370.6	339.3	0.8	64.8	775.5
Finance leased	-	-	-	3.9	3.9
	<u>370.6</u>	<u>339.3</u>	<u>0.8</u>	<u>68.7</u>	<u>779.4</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

10. (c) TANGIBLE FIXED ASSETS

- (i) Tangible fixed assets at 31 March 1991 include £137.6m (1990 £76.7m) of assets in the course of construction, which are not depreciated until commissioning.
- (ii) Grants and contributions relating to infrastructure assets, which are non-depreciating assets, have been offset against fixed assets and the cost and accumulated depreciation at 1 April 1990 are restated to take account of the change in accounting policy relating to non-infrastructure assets. (See note 9)
- (iii) The treatment of accounting for contributions and infrastructure charges in respect of infrastructure assets is described in the Principal Accounting Policies. This treatment has been adopted in order to show a true and fair view. In the opinion of the Directors it is not appropriate to treat contributions and infrastructure charges on infrastructure assets as deferred income. The fixed assets to which they relate are not depreciated and accordingly no basis exists on which to recognise such contributions as deferred income. The contributions relate directly to investment in infrastructure assets and therefore are deducted directly from their purchase or production cost. As a consequence the net book value amount for fixed assets is £59.9m lower (1990 £51.6m) than it would have been had this treatment not been adopted.

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

11. FIXED ASSET INVESTMENTS

	1991 £m	1990 £m
Cost		
At 1 April	0.2	0.3
Additions	-	0.1
Transfer to Group Companies	-	(0.2)
	<hr/>	<hr/>
At 31 March	<u>0.2</u>	<u>0.2</u>

None of the above are listed investments.

The Company holds more than 10% of the equity of the following unlisted company:-

	Nature of Business	Country of Incorporation	Description of Holding	Proportion Held
WPF (Holdings) Limited	Pensions	Great Britain	"A" Shares of 80 pence	12.5%

At 31 March 1991 the Company held equity of less than 10% in the following unlisted company:-

	Nature of Business	Country of Incorporation	Description of Holding
Water Research Centre (1989) Plc	Water Research	Great Britain	"B" Ordinary Shares of £1

In addition, the Company held 5% Convertible Unsecured Loan Stock 2014 at a cost of £23,326 in Water Research Centre (1989) Plc.

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

	1991 £m	1990 £m
12. STOCKS AND WORK IN PROGRESS		
Consumable stores	3.8	3.0
Work in progress	1.4	1.5
	<u>5.2</u>	<u>4.5</u>

	1991 £m	1990 £m
13. DEBTORS		
Amounts falling due within one year:		
Trade debtors	40.4	39.5
Amounts due from group companies	0.9	3.1
Other debtors	20.9	13.4
Prepayments and accrued income	2.1	2.6
	<u>64.3</u>	<u>58.6</u>
Amount falling due after more than one year:		
Other debtors	0.2	0.4
	<u>64.5</u>	<u>59.0</u>

	1991 £m	1990 £m
14. CURRENT ASSET INVESTMENTS		
Current asset investments represent monies on deposit maturing as follows:		
Within one year	156.0	201.6
After more than one year	41.0	15.0
	<u>197.0</u>	<u>216.6</u>

Investments are managed on behalf of Dŵr Cymru Cyfyngedig by Welsh Water PLC under an agency agreement.

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

15. CREDITORS

(a) Amounts falling due within one year:

	Note	1991 £m	1990 £m
Bank loans and overdrafts	16(a)	22.6	30.4
Other Loans	16(b)	1.0	1.0
Obligations under finance leases	17	0.4	0.3
Trade creditors		66.6	34.7
Amounts owed to group companies		37.0	2.9
Other taxation and social security payable		1.8	0.4
Other creditors		25.2	24.5
Accruals and deferred income		0.5	0.5
Dividend payable		-	23.2
		<u>155.1</u>	<u>117.9</u>

(b) Amounts falling due after more than one year:

Other loans	16(b)	13.9	14.9
Obligations under finance leases	17	0.8	0.5
Other creditors:			
Between one and five years		3.2	2.9
After more than five years		0.9	1.4
		<u>18.8</u>	<u>19.7</u>

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

16.(a) BANK LOANS AND OVERDRAFTS

	Range of Interest Rates %	Repayable by Instalments		Other than by Instalments		Total 1991 £m	Total 1990 £m
		1991 £m	1990 £m	1991 £m	1990 £m		
Within one year	13.5 - 16.0	-	-	22.6	30.4	22.6	30.4
		-	-	22.6	30.4	22.6	30.4

(b) OTHER LOANS

	Range of Interest Rates %	Repayable by Instalments		Other than by Instalments		Total 1991 £m	Total 1990 £m
		1991 £m	1990 £m	1991 £m	1990 £m		
Within one year	9.75 - 13.05	1.0	1.0	-	-	1.0	1.0
Between one and two years	9.75 - 13.05	1.0	1.0	-	-	1.0	1.0
Between two and five years	9.75 - 13.05	2.7	2.8	-	-	2.7	2.8
After more than five years	9.75 - 13.05	10.2	11.1	-	-	10.2	11.1
		14.9	15.9	-	-	14.9	15.9

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

17. FINANCE LEASES

Amounts due under finance leases are payable as follows:

	1991 £m	1990 £m
Within one year	0.6	0.4
Between one and two years	0.7	0.4
Between two and five years	0.2	0.2
	<u>1.5</u>	<u>1.0</u>
LESS: finance charges allocated to future periods	(0.3)	(0.2)
	<u>1.2</u>	<u>0.8</u>

18. CAPITAL COMMITMENTS

	1991 £m	1990 £m
Contracted for but not provided in the financial statements	<u>52.1</u>	<u>15.5</u>
Authorised but not yet contracted for	<u>18.7</u>	<u>11.3</u>

Apart from these commitments, in order to meet regulatory and service standards the Company has longer term capital expenditure obligations totalling approximately £1.9 billion at current prices over the next ten years, which include investments to meet shortfalls in performance and condition and to provide for new demand and growth.

19. LEASING COMMITMENTS

	Land and Buildings		Other Operating Leases	
	1991 £m	1990 £m	1991 £m	1990 £m
At 31 March there were revenue commitments, in the ordinary course of business in the next year, to the payment of rentals on non-cancellable operating leases expiring:				
Between two and five years	-	-	0.5	-
After five years	0.4	0.4	-	-
	<u>0.4</u>	<u>0.4</u>	<u>0.5</u>	<u>-</u>

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

20. PROVISIONS FOR LIABILITIES AND CHARGES

	Note	1991 £m	1990 £m
Infrastructure Maintenance Provision	20(b)	13.9	10.5
Deferred Income	20(c)	34.2	28.8
		<u>48.1</u>	<u>39.3</u>

(a) Deferred Taxation

In accordance with the Companys' accounting policy no provision is required for deferred taxation.

The full potential liability to deferred taxation at 31 March comprises the following:-

	Full Potential Liability	
	1991 £m	1990 £m
Accelerated capital allowances	51.4	22.2
Other timing differences	(1.5)	(2.9)
	<u>49.9</u>	<u>19.3</u>
Less: Losses	(0.7)	(10.8)
Advance Corporation Tax	-	(5.4)
	<u>49.2</u>	<u>3.1</u>

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 1991

20. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

(b) Infrastructure Maintenance Provision

	1991 £m	1990 £m
At 1 April	10.5	-
Charge for the year	20.9	17.8
Expenditure in the year	(17.5)	(7.3)
At 31 March	<u>13.9</u>	<u>10.5</u>

As part of their obligations to the Director General of Water Services the directors have determined a programme of expenditure for the maintenance and enhancement of the infrastructure asset system. This programme is set out in an Asset Management Plan effective from 1 April 1989. The above provision represents the difference between the annual anticipated expenditure requirement in the Asset Management Plan for infrastructure maintenance and that actually incurred.

(c) Deferred Income

	1991 £m	1990 £m
At 1 April	28.8	25.2
Receivable during the year	5.7	4.1
Released to Profit and Loss Account	(0.3)	(0.5)
At 31 March	<u>34.2</u>	<u>28.8</u>

Deferred income represents grants and contributions received in respect of investment in non-infrastructure fixed assets. Grants on non-infrastructure assets are released to the profit and loss account over the estimated useful economic life of the related assets.

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 1991

21. SHARE CAPITAL	1991 £m	1990 £m
Authorised:		
301,050,000 Ordinary shares of £1 each	<u>301.1</u>	<u>301.1</u>
Allotted and fully paid:		
276,050,000 Ordinary shares of £1 each	<u>276.1</u>	<u>276.1</u>

22. RESERVES	1991 £m	1990 £m
At 1 April	494.7	60.3
Government debt written off (see note (a) below)	-	432.8
Retained profit for the year	53.5	1.6
At 31 March	<u>548.2</u>	<u>494.7</u>

(a) Dŵr Cymru Cyfyngedig inherited on vesting the outstanding loans of Welsh Water Authority. On 1 September 1989 Government loans amounting to £438.8m were transferred to Welsh Water PLC in return for the issue of a debenture of £438.8m in accordance with a direction made by the Secretary of State for Wales under Section 85(1) of the Water Act 1989.

Between 1 September 1989 and 15 November 1989 Welsh Water PLC repaid Government loans of £6.0m and at the same time Dŵr Cymru Cyfyngedig repaid to Welsh Water PLC £6.0m of the outstanding debenture.

On 15 November 1989 the outstanding Government loans of Welsh Water PLC and the outstanding debenture of Dŵr Cymru Cyfyngedig, both amounting to £432.8m, were extinguished in accordance with an order made by the Secretary of State for Wales under Sections 86(1) and 86(2) of the Water Act 1989. As a result of this extinguishment order £432.8m was credited to the reserves of Dŵr Cymru Cyfyngedig at 31 March 1990.

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991**

23. DIRECTORS' AND OFFICERS' LOANS AND TRANSACTIONS

There are no transactions with directors and persons connected with directors which require disclosure under Section 232 of the Companies Act 1985.

24. ELAN AQUEDUCT

In 1984 Welsh Water Authority transferred to Severn Trent Water Authority the aqueduct and associated works by which the bulk supply to Severn Trent reservoirs is conveyed.

The sum of £31.7m representing the consideration for the transfer, plus accrued interest has been invested in a Trust Fund, the principal function of which is to provide an income to Welsh Water Authority, whilst preserving the capital value of the Fund in real terms.

Welsh Water Authority's interest in this Fund was vested in Dŵr Cymru Cyfyngedig under the provisions of the Water Act 1989. The relevant assets and the Fund are not included in these financial statements.

25. THE WELSH WATER ELAN TRUST

The Welsh Water Elan Trust is a charitable foundation established on 13 October 1989 and granted a 999 year lease on approximately 43,000 acres of land in the Elan Valley, which was transferred from Dŵr Cymru Cyfyngedig, to be held for the benefit and enjoyment of the general public.

The lease contains restrictions to protect the flow of water and prevent commercial development within the Elan Valley, but Dŵr Cymru Cyfyngedig has reserved the right to resume possession of areas of land up to a maximum of 10,000 acres for purposes connected with its business, such as the extension of reservoirs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1991

26. PENSION SCHEMES

Welsh Water PLC operates as principal employer two defined benefit final salary schemes, the Water Mirror Image Pension Scheme (WMIS) and the Water Pension Scheme (WPS), for the benefit of all eligible employees of the Welsh Water Group.

The employer's contributions and the pension cost under Statement of Standard Accounting Practice No 24 "Accounting for Pension Costs" have been assessed in accordance with the advice of William M. Mercer Fraser Limited using the projected unit method for the WPS and the attained age method for the WMIS. For this purpose the main actuarial assumptions used are based upon investment growth of 9% per annum and pay growth of 7% per annum. Pensions in payment and deferred pensions under the WMIS have been assumed to increase by 6% per annum. This assumption has been chosen to reflect the increases which are guaranteed to be in line with the Retail Prices Index (RPI). For the WPS, the corresponding assumption used is 5.25% per annum. This reflects increases which are guaranteed at 5% per annum (or the increase in the RPI if less) with the intention to pay more up to the level of the RPI if the resources of the scheme so permit.

The pension cost for the period was £5.0m (1990 £4.4m).

The first actuarial valuation of the two schemes was carried out as at 31 March 1990. The total market value of the assets at the valuation date was £35.1m. Following this valuation the actuaries do not recommend a change in contribution rates.

Both the WPS and WMIS comply with the anticipated requirements of the Social Security Act 1990 with regard to pension increases. Some changes may be required in the schemes to comply with the ruling of the European Court in May 1990 concerning equality for men and women. However, these are unlikely to involve significant costs provided appropriate related changes are made to the contracting out requirements of the State arrangements.

27. HOLDING COMPANY

The ultimate Holding Company is Welsh Water PLC which is registered in England and Wales.

The financial statements of Welsh Water PLC can be obtained from Plas-y-Ffynnon, Cambrian Way, Brecon, Powys.

DWR CYMRU CYFYNGEDIG

FIVE YEAR SUMMARY
PROFIT AND LOSS ACCOUNTS

	1987 £m	1988 £m	1989 £m	1990 £m	1991 £m
Turnover by Service					
Water Services	103.5	112.5	120.7	144.7	166.2
Sewerage Services	87.0	90.3	98.6	110.2	121.4
Other Trading Activities	-	-	0.3	0.1	-
	<u>190.5</u>	<u>202.8</u>	<u>219.6</u>	<u>255.0</u>	<u>287.6</u>
Operating Profit by Service					
Water Services	24.5	23.5	28.1	25.5	48.8
Sewerage Services	40.4	45.5	46.9	41.9	47.4
Other Trading Activities	-	-	0.1	-	-
	<u>64.9</u>	<u>69.0</u>	<u>75.1</u>	<u>67.4</u>	<u>96.2</u>
Operating Profit	64.9	69.0	75.1	67.4	96.2
Interest receivable	0.1	0.1	0.6	9.9	34.8
Interest payable	(53.1)	(52.7)	(50.8)	(33.7)	(3.0)
	<u>11.9</u>	<u>16.4</u>	<u>24.9</u>	<u>43.6</u>	<u>128.0</u>
Profit on Ordinary Activities before Taxation	11.9	16.4	24.9	43.6	128.0
Taxation	-	-	-	-	-
	<u>11.9</u>	<u>16.4</u>	<u>24.9</u>	<u>43.6</u>	<u>128.0</u>
Profit on Ordinary Activities after Taxation	11.9	16.4	24.9	43.6	128.0
Extraordinary items	-	-	(1.0)	(3.3)	-
	<u>11.9</u>	<u>16.4</u>	<u>23.9</u>	<u>40.3</u>	<u>128.0</u>
Profit for the Year	11.9	16.4	23.9	40.3	128.0
Dividends	-	-	-	(38.7)	(74.5)
	<u>11.9</u>	<u>16.4</u>	<u>23.9</u>	<u>1.6</u>	<u>53.5</u>
Retained Profit for the Year	11.9	16.4	23.9	1.6	53.5

DWR CYMRU CYFYNGEDIG

FIVE YEAR SUMMARY
BALANCE SHEETS

	1987 £m	1988 £m	1989 £m	1990 £m	1991 £m
Fixed Assets					
Tangible assets	496.1	521.9	570.0	667.4	779.4
Investments	-	0.2	0.3	0.2	0.2
	<u>496.1</u>	<u>522.1</u>	<u>570.3</u>	<u>667.6</u>	<u>779.6</u>
Current Assets					
Stocks and work in progress	5.0	4.4	4.0	4.5	5.2
Debtors	40.2	45.8	38.7	59.0	64.5
Current asset investments	-	-	-	216.6	197.0
	<u>45.2</u>	<u>50.2</u>	<u>42.7</u>	<u>280.1</u>	<u>266.7</u>
Current Liabilities					
Creditors: Amounts falling due within one year	103.4	126.8	148.4	117.9	155.1
	<u>103.4</u>	<u>126.8</u>	<u>148.4</u>	<u>117.9</u>	<u>155.1</u>
Net Current Assets/ (Liabilities)	<u>(58.2)</u>	<u>(76.6)</u>	<u>(105.7)</u>	<u>162.2</u>	<u>111.6</u>
Total Assets Less Current Liabilities	<u>437.9</u>	<u>445.5</u>	<u>464.6</u>	<u>829.8</u>	<u>891.2</u>
Creditors: Amounts falling due after more than one year	417.5	408.7	404.3	19.7	18.8
Provisions for Liabilities and Charges	-	-	-	39.3	48.1
	<u>-</u>	<u>-</u>	<u>-</u>	<u>39.3</u>	<u>48.1</u>
Net Assets	<u>20.4</u>	<u>36.8</u>	<u>60.3</u>	<u>770.8</u>	<u>824.3</u>
Capital and Reserves					
Called up share capital	-	-	-	276.1	276.1
Reserves	20.4	36.8	60.3	494.7	548.2
	<u>20.4</u>	<u>36.8</u>	<u>60.3</u>	<u>770.8</u>	<u>824.3</u>

(a) Figures for 1987 to 1989 are those shown in the listing particulars published on 22 November 1989 and exclude financial information attributable to functions which have since been transferred to the National Rivers Authority. The figures are therefore unaudited. During the years ended 31 March 1987 to 1989 Welsh Water Authority had no share capital and paid no dividends.

(b) Grants and contributions on non-infrastructure assets are credited to deferred income in compliance with the Companies Act 1989 and Statement of Standard Accounting Practice No.4 (revised) "Accounting for Government Grants". Grants and contributions and infrastructure charges relating to infrastructure assets, which are non-depreciating assets, have been offset against fixed assets and the figures for 1990 and 1991 are restated to take account of the change in accounting policy relating to non-infrastructure assets.