



DŴR CYMRU  
WELSH WATER

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2366777

REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

COMPANIES HOUSE  
20 OCT 1992  
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DWR CYMRU CYFYNGEDIG

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## DWR GWIRU CYFYNGEDIG

### ADRODDIAD Y CYFARWYDDWYR

Mae'r Cyfarwyddwyr yn cyflwyno eu Hadroddiad gyda'r datganiadau ariannol ar gyfer y flwyddyn yn diwedd 31 Mawrth 1992.

#### Gweithgareddau Masnachu

Prif weithgareddau masnachu'r Cwmni yw cyflenwi dŵr a thrin a gwaredu dŵr gwastraff yn unol â'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 £27.1 miliwn i wneud cyfanswm y difidend am y flwyddyn yn £108.4 miliwn.

#### Cyfalaf Cyfranddaliadau

Ceir manylion y cyfalaf cyfranddaliadau a Awduddodwyd 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 1992 ynghyd â'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, G.A.Hawker, B.H.Charles a P.J.Twamley hefyd yn Gyfarwyddwyr Welsh Water PLC a datgelir eu buddiannau yn Adroddiad Cyfarwyddwyr y Cwmni hwnnw. Ymddiswyddodd Mr D.A.Jeffrey fel cyfarwyddwr ar 31 Rhagfyr 1991.

Ar 1 Ionawr 1992 penodwyd Mr N.Annett a Mr J.W.Morgan yn gyfarwyddwyr a phenodwyd Mr B.H.Charles yn rheolwr gyfarwyddwr.

Ymddiswyddodd Mr A.R.Brain fel cyfarwyddwr ar 5 Ebrill 1992 a phenodwyd Mr P.J.Twamley yn gyfarwyddwr ar 1 Mai 1992.

DWR CYMRU CYFYNGEDIG

ADRODDIAD Y CYFARWYDDWYR

Y Cyfarwyddwyr a Buddiannau'r Cyfarwyddwyr (parhad)

	Cyfranddaliadau Cyffredin o £1		Opsiyneu Cyfranddaliadau i Weithredwyr *		Opsiyneu Sharesave ***	
	31.3.91	31.3.92	31.3.91	31.3.92	31.3.91	31.3.92
N.Annett	620 **	620	20,942 **	20,942	-	-
A.R.Brain	595	595	36,075	36,075	2,386	5,026
Dr M.P.Brooker	2,286	2,286	36,700	45,170	2,045	3,365
N.R.Hufton	782	782	34,875	41,430	2,045	2,045
T.G.Jones	7,466	7,466	36,845	44,812	6,136	6,136
J.W.Morgan	- **	-	23,456 **	23,456	-	-
J.D.R.Williams	4,349	4,349	31,727	42,256	6,136	6,136

\* Mae Opsiyneu i Weithredwyr yn cael eu dal ar brisiau rhwng 281c a 349.67c am bob cyfranddaliad.

\*\* Ar ddyddiad y penodiad.

\*\*\* Mae Opsiyneu Sharesave yn cael eu dal ar brisiau rhwng 176c a 340c am bob cyfranddaliad.

Yswiriant Atebolrwydd Cyfarwyddwyr a Swyddogion

Trefnir yswiriant atebolrwydd cyfarwyddwyr a swyddogion ar ran y Cwmni, cyfarwyddwyr a rhai rheolwyr penodol. Adnewyddir y polisi hwn yn flynyddol.

Asedion Sefydlog

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

Gweithwyr

Cofnodir nifer gweithwyr y Cwmni ar dudalen 17.

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

DŴR CYMRU CYFYNGEDIG

ADRODDIAD Y CYFARWYDDWYR

Rhoddion Elusennol a Gwleidyddol

Ni wnaed unrhyw roddion gwleidyddol yn ystod y flwyddyn. Gwneir rhoddion elusennol ar ran y Cwmni gan Welsh Water PLC a cheir adroddiad arnynt yn Adroddiad Cyfarwyddwyr y Cwmni hwnnw.

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 er cyflawni safonau cenedlaethol a rhyngwladol mewn perthynas â dŵr yfed ac elifiant a llaid carthion.

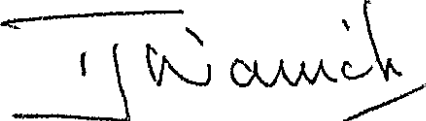
Cyfriron Rheoliadol

Yn ôl Amod F o'r Offeryn Penodi y mae Dŵr Cymru Cyfyngedig yn gweithredu oddi tano, y mae'n ofynnol cyhoeddi datganiadau cyfrifydda penodedig. Bydd copiau o'r cyfrifon hyn ar gael oddi wrth Ysgrifennydd y Cwmni ar ôl 1 Awst 1992.

Archwilwr

O 1 Mehefin 1992, bydd yr Archwilwr, Coopers & Lybrand Deloitte, yn gweithredu o dan yr enw Coopers & Lybrand. Mae'r ffyrm wedi nodi eu bod yn barod i barhau mewn swydd ac fe gynigir penderfyniad i'w hail-benodi yn y Cyfarfod Cyffredinol Blynyddol.

Drwy Orchymyn y Bwrdd



T.J. Warwick MBA FCIS  
Ysgrifennydd  
13 Mai 1992

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 1992.

#### Trading Activity

The principal activity of the Company is 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 1989.

#### 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 £27.1 million making a total dividend for the year of £108.4 million.

#### 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 1992 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, G.A.Hawker, B.H.Charles and P.J.Twamley are also Directors of Welsh Water PLC and their interests are disclosed in the Directors' Report of that Company. Mr D.A.Jeffrey resigned as a director on 31 December 1991.

On 1 January 1992 Mr N.Annett and Mr J.W.Morgan were appointed directors and Mr B.H.Charles was appointed managing director.

Mr A.R.Brain resigned as a director on 5 April 1992 and Mr P.J. Twamley was appointed a director on 1 May 1992.

DWR CYMRU CYFYNGEDIG

REPORT OF THE DIRECTORS

Directors and Directors Interests (continued)

	Ordinary Shares of £1		Executive Share Options *		Sharesave Options ***	
	<u>31.3.91</u>	<u>31.3.92</u>	<u>31.3.91</u>	<u>31.3.92</u>	<u>31.3.91</u>	<u>31.3.92</u>
N. Annett	620 **	620	20,942 **	20,942	-	-
A.R. Brain	595	595	36,075	36,075	2,386	5,026
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N.R. Hufton	782	782	34,875	41,430	2,045	2,045
T.G. Jones	7,466	7,466	36,845	44,812	6,136	6,136
J.W. Morgan	- **	-	23,456 **	23,456	-	-
J.D.R. Williams	4,349	4,349	31,727	42,256	6,136	6,136

\* Executive options are held at prices between 281p and 349.67p per share.

\*\* As at date of appointment.

\*\*\* Sharesave options are held at prices between 176p and 340p per share.

Directors' and Officers' Liability Insurance

Directors' and officers' liability insurance is arranged on behalf of the Company, directors and certain specified managers. This policy is renewed annually.

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

Contributions for Charitable and Political Purposes

There have been no political donations during the year. Charitable donations are made on behalf of the Company by Welsh Water PLC and reported in the Directors Report of that Company.

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.

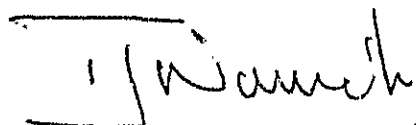
Regulatory Accounts

Condition F of the Instrument of Appointment under which Dŵr Cymru Cyfyngedig operates requires specified accounting statements to be published. Copies of these accounts will be available from the Company Secretary after 1 August 1992.

Auditor

From 1 June 1992 the Auditor, Coopers & Lybrand Deloitte, will practice in the name of Coopers & Lybrand. The firm have signified their willingness to continue in office and a resolution for their reappointment will be proposed at the Annual General Meeting.

By Order of the Board



T.J. Warwick MBA FCIS  
Secretary  
13 May 1992

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

Company Number: 2366777



DWR CYMRU CYFYNGEDIG

REPORT OF THE AUDITOR TO THE MEMBERS OF DWR CYMRU CYFYNGEDIG

We have audited the financial statements on pages 8 to 32 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 1992 and of its profit and cash flows 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 and Registered Auditor  
CARDIFF  
13 May 1992

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies, which have been consistently applied, 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 pipelines 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.

Grants And Contributions

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

Investments

Long term 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

Contributions are charged to the Profit and Loss Account so as to spread the cost of pensions over employees' working lives with the Company. Contribution rates are based on the advice of a professionally qualified actuary. Any difference between the charge to the Profit and Loss Account and the contributions paid is shown as an asset or liability in the Balance Sheet.

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 1992

	Note	1992 £m	1991 £m
Turnover	1	334.0	287.6
Net Operating Costs	2	(211.0)	(191.4)
Operating Profit		<u>123.0</u>	<u>96.2</u>
Interest receivable		21.6	34.8
Interest payable	4	(4.8)	(3.0)
Profit on Ordinary Activities before Taxation		<u>139.8</u>	<u>128.0</u>
Taxation	5	(10.0)	-
Profit on Ordinary Activities after Taxation		<u>129.8</u>	<u>128.0</u>
Dividends	6	(108.4)	(74.5)
Retained Profit for the Year	19	<u><u>21.4</u></u>	<u><u>53.5</u></u>

## DWR CYMRU CYFYNGEDIG

## BALANCE SHEET AT 31 MARCH 1992

	Note	1992 £m	1991 £m
<b>Fixed Assets</b>			
Tangible assets	7	911.6	779.4
Investments	8	0.2	0.2
		<u>911.8</u>	<u>779.6</u>
<b>Current Assets</b>			
Stocks and work in progress	9	6.3	5.2
Debtors	10	70.1	64.5
Current asset investments	11	152.6	197.0
		<u>229.0</u>	<u>266.7</u>
<b>Current Liabilities</b>			
Creditors: Amounts falling due within one year	12(a)	133.6	155.1
<b>Net Current Assets</b>		<u>95.4</u>	<u>111.6</u>
<b>Total Assets Less Current Liabilities</b>		<u>1007.2</u>	<u>891.2</u>
Creditors: Amounts falling due after more than one year	12(b)	110.1	18.8
Provisions for Liabilities and Charges	17	51.4	48.1
<b>Net Assets</b>		<u>845.7</u>	<u>824.3</u>
<b>Capital and Reserves</b>			
Called up share capital	18	276.1	276.1
Reserves	19	569.6	548.2
<b>Shareholders' Funds</b>		<u>845.7</u>	<u>824.3</u>

The financial statements on pages 8 to 32 were approved by the Board of Directors on the 13 May 1992 and were signed on its behalf by:

JOHN E. JONES, CBE, DL  
Chairman

J.W. MORGAN  
Finance Director

## DWR CYMRU CYFYNGEDIG

CASHFLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 1992

	Note	1992 £m	1991 £m
Net cash inflow from operating activities	20	137.5	120.8
Returns on investments and servicing of finance			
Interest received		27.1	28.7
Interest paid		(3.6)	(2.7)
Interest element of finance leases		(0.2)	-
Dividends paid		(118.3)	(60.7)
Net cash outflow from returns on investments and servicing of finance		(95.0)	(34.7)
Taxation			
UK corporation tax paid		-	-
Investing activities			
Purchase of tangible fixed assets		(182.4)	(111.7)
Sale of tangible fixed assets		2.5	1.1
Grants and contributions received		12.3	14.0
Net cash outflow from investing activities		(167.6)	(96.6)
Net cash outflow before financing		(125.1)	(10.5)
Financing			
New long term loans		70.0	-
Long term loans repaid		(1.5)	(1.0)
New finance leases		23.7	-
Capital payments under finance leases		(0.5)	(0.3)
Decrease in deposits and other money market investments	22	57.5	17.6
Net cash inflow from financing	21	149.2	16.3
Increase in cash and cash equivalents	23	24.1	5.8

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES

	Turnover		Operating Profit	
	1992 £m	1991 £m	1992 £m	1991 £m
Water Services	192.9	166.2	62.9	48.8
Sewerage Services	141.1	121.4	60.1	47.4
	<u>334.0</u>	<u>287.6</u>	<u>123.0</u>	<u>96.2</u>
Interest receivable			21.6	34.8
Interest payable			(4.8)	(3.0)
Profit on ordinary activities before taxation			<u>139.8</u>	<u>128.0</u>

2. NET OPERATING COSTS

	Nota	1992 £m	1991 £m
Change in stocks and work in progress		(1.1)	(0.7)
Infrastructure renewals expenditure	17(b)	19.8	20.9
Staff costs	3(b)	56.5	48.9
Depreciation:			
Own assets		26.2	20.7
Assets held under finance leases		1.5	1.4
Grants and contributions released to the Profit and Loss Account	17(c)	(0.6)	(0.3)
Research and development		0.8	0.7
Rentals under operating leases:			
Hire of plant and equipment		1.3	1.4
Land and buildings		0.4	0.4
Other		1.1	0.3
Fees to auditor:			
Audit services		0.1	0.1
Consultancy services		0.6	0.4
Other operating charges		108.1	98.4
Other operating income:			
Profits on sale of tangible fixed assets		(1.5)	(1.0)
Other		(2.2)	(0.2)
		<u>211.0</u>	<u>191.4</u>



DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

3. DIRECTORS AND EMPLOYEES

(a) Directors' Remuneration

The combined emoluments of the directors of Dŵr Cymru Cyfyngedig for their services as directors of the Company are set out below:

	1992 £000	1991 £000
Fees	-	-
Contributions to Pension Schemes	56	35
Other Emoluments - salary	384	268
- performance related bonus	77	30
Compensation for loss of office	156	-
	<u>673</u>	<u>333</u>

Included in the above are amounts (excluding pension contributions) paid to:

	1992 £000	1991 £000
The Chairman	<u>-</u>	<u>-</u>
The highest paid director		
- salary	69	53
- performance related bonus	16	6
	<u>85</u>	<u>59</u>

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

3. DIRECTORS AND EMPLOYEES (continued)

(a) Directors' Remuneration (continued)

The combined salary and performance related bonus (excluding pension contributions) were in the following ranges:

	1992 Number	1991 Number
£0 - £5,000	3	3
£10,001 - £15,000	2	-
£20,001 - £25,000	-	1
£50,001 - £55,000	-	3
£55,001 - £60,000	-	2
£65,001 - £70,000	3	-
£70,001 - £75,000	1	-
£75,001 - £80,000	1	-
£85,001 - £90,000	1	-

During the year ended 31 March 1992 Mr J.E.Jones, Mr D.A.Jeffrey and Mr G.A.Hawker had service contracts with Welsh Water PLC. 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

	1992 £m	1991 £m
Wages and salaries	56.6	49.6
Social security costs	4.3	3.9
Other pension costs	5.5	5.0
	<u>66.4</u>	<u>58.5</u>

Of the above, £9.9m (1991 £9.6m) has been charged to tangible fixed assets.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

## 3. DIRECTORS AND EMPLOYEES (continued)

## (c) Average weekly number of employees during the year

	1992 Number	1991 Number
Water and sewerage services	<u>3547</u>	<u>3455</u>

4. INTEREST PAYABLE	1992 £m	1991 £m
Interest payable:		
On bank loans, overdrafts and other loans		
- repayable within five years, not by instalments	2.0	1.2
- repayable wholly or partly in more than five years	<u>2.7</u>	<u>1.7</u>
	4.7	2.9
On finance leases	<u>0.1</u>	<u>0.1</u>
	<u>4.8</u>	<u>3.0</u>

Included in "repayable within five years, not by instalments" is an amount payable to Group undertakings of £1.7m (1991 £0.8m).

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

5. TAXATION

	1992 £m	1991 £m
UK Corporation Tax at 33%	9.9	-
Group Relief	0.1	-
	<u>10.0</u>	<u>-</u>

The tax charge for the year has been reduced by £0.7m (1991 £Nil) due to tax losses brought forward from previous years and by £37m (1991 £41m) 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. The tax charge for the year and previous years are still subject to negotiation with the Inland Revenue.

6. DIVIDENDS

	1992 £m	1991 £m
Interim dividends paid	81.3	37.5
Proposed final dividend	27.1	37.0
	<u>108.4</u>	<u>74.5</u>

## DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

## 7. (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
<b>Cost</b>					
At 1 April 1991	23.1	340.1	156.0	440.3	959.5
Reclassification	16.0	(8.1)	(17.7)	9.8	-
	<u>39.1</u>	<u>332.0</u>	<u>138.3</u>	<u>450.1</u>	<u>959.5</u>
<b>Additions</b>	3.8	57.1	14.8	95.2	170.9
Grants & contributions	-	(10.0)	-	-	(10.0)
Transfers to Group undertakings	-	-	(1.1)	-	(1.1)
Transfers from Group undertakings	-	-	0.1	-	0.1
Disposals	-	-	(2.1)	-	(2.1)
	<u>42.9</u>	<u>379.1</u>	<u>150.0</u>	<u>545.3</u>	<u>1117.3</u>
<b>At 31 March 1992</b>					
<b>Accumulated Depreciation</b>					
At 1 April 1991	3.9	-	47.1	129.1	180.1
Reclassification	5.3	-	4.0	(9.3)	-
	<u>9.2</u>	<u>-</u>	<u>51.1</u>	<u>119.8</u>	<u>180.1</u>
<b>Charge for the year</b>	0.9	-	14.6	12.2	27.7
Transfers to Group undertakings	-	-	(0.2)	-	(0.2)
Disposals	-	-	(1.9)	-	(1.9)
	<u>10.1</u>	<u>-</u>	<u>63.6</u>	<u>132.0</u>	<u>205.7</u>
<b>At 31 March 1992</b>					
<b>Net Book Value</b>					
At 31 March 1992	<u>32.8</u>	<u>379.1</u>	<u>86.4</u>	<u>413.3</u>	<u>911.6</u>
At 31 March 1991	<u>19.2</u>	<u>340.1</u>	<u>108.9</u>	<u>311.2</u>	<u>779.4</u>
<b>Utilisation at . March 1992</b>					
Owned	32.8	379.1	84.0	389.6	885.5
Finance leased	-	-	2.4	23.7	26.1
	<u>32.8</u>	<u>379.1</u>	<u>86.4</u>	<u>413.3</u>	<u>911.6</u>

## DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

## 7. (b) TANGIBLE FIXED ASSETS - ANALYSIS BY SERVICE

	Water Services £m	Sewerage Services £m	Other Trading Activities £m	General £m	Total £m
<b>Cost</b>					
At 1 April 1991	438.4	415.7	0.8	104.6	959.5
Additions	82.5	72.4	-	16.0	170.9
Grants & Contributions	(5.6)	(4.4)	-	-	(10.0)
Transfers to Group undertakings	-	-	-	(1.1)	(1.1)
Transfers from Group undertakings	-	-	-	0.1	0.1
Disposals	-	-	-	(2.1)	(2.1)
<b>At 31 March 1992</b>	<u>515.3</u>	<u>483.7</u>	<u>0.8</u>	<u>117.5</u>	<u>1117.3</u>
<b>Accumulated Depreciation</b>					
At 1 April 1991	67.8	76.4	-	35.9	180.1
Charge for the year	7.7	8.2	-	11.8	27.7
Transfers to Group undertakings	-	-	-	(0.2)	(0.2)
Disposals	-	-	-	(1.9)	(1.9)
<b>At 31 March 1992</b>	<u>75.5</u>	<u>84.6</u>	<u>-</u>	<u>45.6</u>	<u>205.7</u>
<b>Net Book Value</b>					
At 31 March 1992	<u>439.8</u>	<u>399.1</u>	<u>0.8</u>	<u>71.9</u>	<u>911.6</u>
At 31 March 1991	<u>370.6</u>	<u>339.3</u>	<u>0.8</u>	<u>68.7</u>	<u>779.4</u>
<b>Utilisation at 31 March 1992</b>					
Owned	421.5	393.7	0.8	69.5	885.5
Finance leased	18.3	5.4	-	2.4	26.1
	<u>439.8</u>	<u>399.1</u>	<u>0.8</u>	<u>71.9</u>	<u>911.6</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

7. (c) TANGIBLE FIXED ASSETS

- (i) Tangible fixed assets at 31 March 1992 include £127.8m (1991 £137.6m) of assets in the course of construction, which are not depreciated until commissioning.
- (ii) Reclassification has arisen as a result of the Company's continuing refinement of its historical fixed asset information.
- (iii) The treatment of accounting for grants, 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 grants, 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 £69.9m lower (1991 £59.9m) 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 1992

8. FIXED ASSET INVESTMENTS

	1992 £m	1991 £m
Cost and Net Book Value At 1 April and 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%

The Company holds 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.



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

9. STOCKS AND WORK IN PROGRESS	1992 £m	1991 £m
Consumable stores	4.7	3.8
Work in progress	1.6	1.4
	<u>6.3</u>	<u>5.2</u>

10. DEBTORS	1992 £m	1991 £m
Amounts falling due within one year:		
Trade debtors	40.7	30.5
Amounts due from group undertakings	0.1	0.9
Other debtors	8.9	9.8
Prepayments and accrued income	20.3	23.1
	<u>70.0</u>	<u>64.3</u>
Amount falling due after more than one year:		
Other debtors	0.1	0.2
	<u>70.1</u>	<u>64.5</u>

The comparative figures for trade debtors, other debtors, prepayments and accrued income have been restated to correspond to the disclosure adopted in 1992.

11. CURRENT ASSET INVESTMENTS	1992 £m	1991 £m
Fixed term and call deposits	133.6	188.2
Other money market investments	19.0	8.8
	<u>152.6</u>	<u>197.0</u>

Of the above amounts £36.3m (1991 £41.0m) mature after more than one year, and £13.3m (1991 £0.2m) is regarded as cash equivalents in the cashflow statement.

The market value of investments is not significantly different from cost.

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 1992

12. CREDITORS

(a) Amounts falling due within one year:

	Note	1992 £m	1991 £m
Bank loans and overdrafts	13(a)	11.6	22.6
Other Loans	13(b)	0.9	1.0
Obligations under finance leases	14	0.2	0.5
Trade creditors		52.2	66.6
Amounts owed to group undertakings		34.9	37.0
Corporation Tax		2.4	-
Other taxation and social security payable		1.6	1.8
Other creditors		29.2	25.1
Accruals and deferred income		0.6	0.5
		<u>133.6</u>	<u>155.1</u>

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

Other loans	13(b)	82.5	13.9
Obligations under finance leases	14	24.2	0.7
Other creditors:			
Between one and five years		3.4	3.3
After more than five years		-	0.9
		<u>110.1</u>	<u>18.8</u>

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

13.(a) BANK LOANS AND OVERDRAFTS

	Range of Interest Rates %	Repayable by Instalments		Other than by Instalments		Total 1992 £m	Total 1991 £m
		1992 £m	1991 £m	1992 £m	1991 £m		
Within one year	11.5 - 13.5	-	-	11.6	22.6	11.6	22.6
		-	-	11.6	22.6	11.6	22.6

(b) OTHER LOANS

	Range of Interest Rates %	Repayable by Instalments		Other than by Instalments		Total 1992 £m	Total 1991 £m
		1992 £m	1991 £m	1992 £m	1991 £m		
Within one year	9.5 - 12.5	0.9	1.0	-	-	0.9	1.0
Between one and two years	9.5 - 12.5	0.9	1.0	-	-	0.9	1.0
Between two and five years	9.5 - 12.5	8.3	2.7	-	-	8.3	2.7
After more than five years	9.5 - 12.5	73.3	10.2	-	-	73.3	10.2
		83.4	14.9	-	-	83.4	14.9

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

14. FINANCE LEASES

Amounts due under finance leases are payable as follows:

	1992 £m	1991 £m
Within one year	0.2	0.5
Between one and two years	0.3	0.3
Between two and five years	0.2	0.4
After more than five years	23.7	-
	<u>24.4</u>	<u>1.2</u>

15. CAPITAL COMMITMENTS

	1992 £m	1991 £m
Contracted for but not provided in the financial statements	<u>104.6</u>	<u>52.1</u>
Authorised but not yet contracted for	<u>4.7</u>	<u>18.7</u>

Apart from these commitments, in order to meet standards the Company has longer term capital commitments totalling approximately 11.8 billion at current prices over the next ten years, which include investments to meet maintenance and condition and to provide for new demands.

regulatory and service expenditure obligations in performance with.

16. LEASING COMMITMENTS

	Land Buildings	Other Operating Leases	1992 £m	1991 £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	-	1.2	-	0.5
After five years	0.5	-	0.4	-
	<u>0.5</u>	<u>1.2</u>	<u>0.4</u>	<u>0.5</u>

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Note	1992 £m	1991 £m
Infrastructure Maintenance Provision	17 (b)	15.5	13.9
Deferred Income	17 (c)	35.9	34.2
		<u>51.4</u>	<u>48.1</u>

(a) Deferred Taxation

No provision is required for deferred taxation in accordance with the policy described in the principal accounting policies on page 10. The full potential liability to deferred taxation at 31 March comprises the following:-

	Full Potential Liability	
	1992 £m	1991 £m
Accelerated capital allowances	92.7	51.4
Other timing differences	(6.0)	(1.5)
	<u>86.7</u>	<u>49.9</u>
Less: Losses	-	(0.7)
	<u>86.7</u>	<u>49.2</u>

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 31 MARCH 1992

17. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

(b) Infrastructure Maintenance Provision

	1992 £m	1991 £m
At 1 April	13.9	10.5
Charge for the year	19.8	20.9
Expenditure in the year	(18.2)	(17.5)
At 31 March	<u>15.5</u>	<u>13.9</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

	1992 £m	1991 £m
At 1 April	34.2	28.8
Receivable during the year	2.3	5.7
Released to Profit and Loss Account	(0.6)	(0.3)
At 31 March	<u>35.9</u>	<u>34.2</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 1992

18. CALLED UP SHARE CAPITAL

	1992 £m	1991 £m
Authorised:		
301,050,000 Ordinary shares of £1 each	<u>301.1</u>	<u>301.1</u>
Allotted, called up and fully paid:		
276,050,000 Ordinary shares of £1 each	<u>276.1</u>	<u>276.1</u>

19. RESERVES

	1992 £m	1991 £m
At 1 April	548.2	494.7
Retained profit for the year	21.4	53.5
At 31 March	<u>569.6</u>	<u>548.2</u>

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

20. NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES

	1992 £m	1991 £m
Operating profit	123.0	96.2
Depreciation of tangible fixed assets	27.7	22.1
Infrastructure maintenance accrual	1.6	3.4
Amortisation of grants and contributions	(0.6)	(0.3)
Profit on the sale of tangible fixed assets	(1.5)	(1.0)
Net decrease/(increase) in stocks	(1.1)	(0.7)
Net decrease/(increase) in debtors	(11.0)	0.6
Net (decrease)/increase in creditors	(0.6)	0.5
Net cash inflow from operating activities	<u>137.5</u>	<u>120.8</u>

21. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share Capital		Long Term Loans & Finance Lease Obligations	
	1992 £m	1991 £m	1992 £m	1991 £m
Balance at 1 April	276.1	276.1	16.1	16.7
New capital leases	-	-	23.7	0.7
Long term loans	-	-	70.0	-
Loan repayments	-	-	(1.5)	(1.0)
Finance lease repayments	-	-	(0.5)	(0.3)
Balance at 31 March	<u>276.1</u>	<u>276.1</u>	<u>107.8</u>	<u>16.1</u>

22. ANALYSIS OF CHANGES IN DEPOSITS AND INVESTMENTS IN THE YEAR

	At 31 March 1992 £m	At 1 April 1991 £m	Change in Year £m
Fixed term and call deposits and other money market investments	<u>139.3</u>	<u>196.8</u>	<u>(57.5)</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992

## 23. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS IN THE YEAR

	At 31 March 1992 £m	At 1 April 1991 £m	Change in Year £m
Short term deposits	13.3	0.2	13.1
Bank overdrafts	(11.6)	(22.6)	11.0
	<u>1.7</u>	<u>(22.4)</u>	<u>24.1</u>

## 24. 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 1989.

## 25. PENSION SCHEMES

Welsh Water Ltd operates as principal employer two funded, defined benefit 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 assets of the schemes are held separately from the assets of the Group and are administered by independent trustees.

The employer's contributions and the pension cost 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, based on the Group Pension costs as a whole, was £5.5m (1991 £5.0m).

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 (including transfer values received from previous arrangements) was £35.1m. Using the assumptions adopted for Statement of Standard Accounting Practice No 24 "Accounting for Pension Costs" the combined actuarial value of the assets represented 109% of the value of the accrued benefits after allowing for expected future earnings increase.

**DWR CYMRU CYFYNGEDIG**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 1992**

**26. ELAN AQUEDUCT**

In 1984 Welsh Water Authority entered into a conditional sale and purchase agreement with Severn Trent Water Authority for the sale of the aqueduct and associated works by which the bulk supply to Severn Trent is conveyed.

The sum of £31.7m, representing the consideration for the conditional sale, has been invested in a Trust Fund. The principal function of the Fund was 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 assets of the Fund are not included in these financial statements.

**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 The Company Secretary of Welsh Water PLC at Plas-y-Ffynnon, Cambrian Way, Brecon, Powys, LD3 7HP.

## DWR CYMRU CYFYNGEDIG

FIVE YEAR SUMMARY  
PROFIT AND LOSS ACCOUNTS

	1988 £m	1989 £m	1990 £m	1991 £m	1992 £m
<b>Turnover by Service</b>					
Water Services	112.5	120.7	144.7	166.2	192.9
Sewerage Services	90.3	98.6	110.2	121.4	141.1
Other Trading Activities	-	0.3	0.1	-	-
	<u>202.8</u>	<u>219.6</u>	<u>255.0</u>	<u>287.6</u>	<u>334.0</u>
<b>Operating Profit by Service</b>					
Water Services	23.5	28.1	25.5	48.8	62.9
Sewerage Services	45.5	46.9	41.9	47.4	60.1
Other Trading Activities	-	0.1	-	-	-
	<u>69.0</u>	<u>75.1</u>	<u>67.4</u>	<u>96.2</u>	<u>123.0</u>
Interest receivable	0.1	0.6	9.9	34.8	21.6
Interest payable	(52.7)	(50.8)	(33.7)	(3.0)	(4.8)
<b>Profit on Ordinary Activities before Taxation</b>	16.4	24.9	43.6	128.0	139.8
Taxation	-	-	-	-	(10.0)
<b>Profit on Ordinary Activities after Taxation</b>	16.4	24.9	43.6	128.0	129.8
Extraordinary items	-	(1.0)	(3.3)	-	-
<b>Profit for the Year</b>	16.4	23.9	40.3	128.0	129.8
Dividends	-	-	(38.7)	(74.5)	(108.4)
<b>Retained Profit for the Year</b>	16.4	23.9	1.6	53.5	21.4

## DWR CYMRU CYFYNGEDIG

FIVE YEAR SUMMARY  
BALANCE SHEETS

	1988	1989	1990	1991	1992
	£m	£m	£m	£m	£m
<b>Fixed Assets</b>					
Tangible assets	521.9	570.0	667.4	779.4	911.6
Investments	0.2	0.3	0.2	0.2	0.2
	<u>522.1</u>	<u>570.3</u>	<u>667.6</u>	<u>779.6</u>	<u>911.8</u>
<b>Current Assets</b>					
Stocks and work in progress	4.4	4.0	4.5	5.7	6.3
Debtors	45.8	38.7	99.0	64.5	70.1
Current asset investments	-	-	216.6	197.0	152.6
	<u>50.2</u>	<u>42.7</u>	<u>280.1</u>	<u>266.7</u>	<u>229.0</u>
<b>Current Liabilities</b>					
Creditors: Amounts falling due within one year	126.8	148.4	117.9	155.1	133.6
	<u>(76.6)</u>	<u>(105.7)</u>	<u>162.2</u>	<u>111.6</u>	<u>95.4</u>
<b>Net Current Assets/ (Liabilities)</b>					
Total Assets Less Current Liabilities	<u>445.5</u>	<u>464.6</u>	<u>829.8</u>	<u>891.2</u>	<u>1007.2</u>
Creditors: Amounts falling due after more than one year	408.7	404.3	19.7	18.8	110.1
Provisions for Liabilities and Charges	-	-	39.3	48.1	51.4
<b>Net Assets</b>	<u>36.8</u>	<u>60.3</u>	<u>770.8</u>	<u>824.3</u>	<u>845.7</u>
<b>Capital and Reserves</b>					
Called up share capital	-	-	276.1	276.1	276.1
Reserves	36.8	60.3	494.7	548.2	569.6
	<u>36.8</u>	<u>60.3</u>	<u>770.8</u>	<u>824.3</u>	<u>845.7</u>

- (a) Figures for 1988 and 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 1988 and 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 to 1992 are restated to take account of the change in accounting policy relating to non-infrastructure assets.