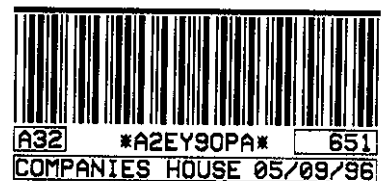


DWR CYMRU CYFYNGEDIG

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

Registered No. 2366777



Registered address:

Plas y Ffynnon
Cambrian Way
Brecon
Powys
LD3 7HP

DWR CYMRU CYFYNGEDIG
Directors' Report and Financial Statements
for the year ended 31 March 1996

	PAGE
DIRECTORS AND ADVISORS	1
REPORT OF THE DIRECTORS	2 - 5
STATEMENT OF DIRECTORS' RESPONSIBILITIES	6
REPORT OF THE AUDITORS	7
PRINCIPAL ACCOUNTING POLICIES	8 - 10
PROFIT AND LOSS ACCOUNT	11
BALANCE SHEET	12
CASHFLOW STATEMENT	13
RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS	14
NOTES TO THE FINANCIAL STATEMENTS	15 - 32
FIVE YEAR SUMMARY	33

DWR CYMRU CYFYNGEDIG

DIRECTORS AND ADVISORS

DIRECTORS

B H Charles	Executive Chairman	(appointed 17 April 1996)
C A Jones	Finance Director	
N C Annett	Director of Planning	
C J Thomas	Personnel Director	
M P Brooker	Divisional Director (South East)	
M J Harrington	Divisional Director (South West)	
R J Illidge	Divisional Director (Northern)	
P J Twamley	Non-executive Director	
G A Hawker	Non-executive Director	(resigned as chairman 17 April 1996)

SECRETARY AND REGISTERED OFFICE

R G Curtis, LLB ACIS
Plas y Ffynnon, Cambrian Way, Brecon, Powys, LD3 7HP

REGISTERED AUDITORS

Coopers & Lybrand

SOLICITORS

Edwards Geldard

PRINCIPAL BANKERS

National Westminster Bank Plc

DWR CYMRU CYFYNGEDIG
REPORT OF THE DIRECTORS

The directors present their report together with the financial statements for the year ended 31 March 1996.

PRINCIPAL 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. The directors expect that the present level of activity will be sustained in the foreseeable future.

TRADING RESULTS

Profit on ordinary activities before taxation amounted to £138.6m (1995 £142.2m). The profit attributable to shareholders amounted to £123.4m (1995 £138.2m).

The directors recommend payment of a final dividend for the year ended 31 March 1996 of £37.0m making the total dividend for the year £67.0m.

SHARE CAPITAL

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

DIRECTORS

The current directors are shown on page 1. Directors who served during the year were:-

G A Hawker	
B H Charles	
N C Annett	
C J Thomas	
M P Brooker	
M J Harrington	
R J Illidge	(appointed 1 January 1996)
C A Jones	(appointed 7 February 1996)
J D R Williams	(resigned 31 December 1995)
J W Morgan	(resigned 7 February 1996)

Subsequent to the year end P J Twamley was appointed a director on 8 April 1996

DIRECTORS' INTERESTS

No director has an interest in the capital of the Company.

The interests of directors at 31 March 1996 in the share capital of the Company's parent company, Hyder plc (formerly Welsh Water PLC), are as below:

B H Charles and G A Hawker are directors of Hyder plc and their interests are disclosed in the Directors' Report of that company.

	Ordinary Shares of £1.20		Cumulative Preference Shares of £1		Executive Share Options		Sharesave Options	
	31.3.96	31.3.95	31.3.96	31.3.95	31.3.96	31.3.95	31.3.96	31.3.95
N C Annett	516	17968	558	558	7209	7209	3533	3533
C J Thomas	-	1942	2097	-	5674	5674	2736	2736
M P Brooker	13341	15799	14408	17063	9514	9514	3749	3749
M J Harrington	2980	6213	1373	1373	5307	5307	1550	1550
R J Illidge	2240	2240 *	3985	3985 *	-	- *	1725	1725 *
C A Jones	-	- *	-	- *	-	- *	-	- *

* as at date of appointment.

DWR CYMRU CYFYNGEDIG
REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS (CONTINUED)

Executive options are held at prices between 354p and 676p per share. Sharesave options are held at option prices between 296p and 523p per share.

Shares and Options at 31.3.95 have been restated to reflect the share capital restructuring of Hyder plc approved at the Annual General Meeting on 27 July 1995.

FIXED ASSETS

Land and buildings are carried in the accounts at historical cost at a net book value of £34.5m (1995 £35.1m). In the opinion of the directors there was no significant difference between book values of property capable of disposal within the foreseeable future and market values.

POLICY ON THE PAYMENT OF CREDITORS

It is Company policy to comply with terms of payment agreed with suppliers. Where payment terms are not negotiated the Company endeavours to adhere with the suppliers standard terms.

EMPLOYEE INFORMATION

The success of the Company lies in its ability to manage and develop the skills and potential of the people it employs. This process depends on effective communication, ongoing training and development opportunities for all, as well as direct involvement of employees in mainstream business activities.

As the Company grows there is a greater need for direct and responsive systems of communication. Efforts are being made to focus employees' attention on items directly relevant to their area of operation whilst maintaining a general interest in the activities of fellow subsidiary companies of Hyder plc. In-house magazines and videos continue to provide employees with a wide range of information but as technology advances, electronic mailing is becoming a more direct method of communicating messages of common interest simultaneously to large numbers of employees. Team briefings, workshops and roadshows combine to provide an open and participative approach to communication where questions can be answered and ideas exchanged.

The Company continues to work with its employee representatives to communicate matters jointly both at local and at regional levels.

The Company is committed to achieving a balanced workforce by recruiting and developing employees in a fair and equitable way. Being members of Opportunity 2000 is part of that commitment and the Company is seeking to combine this approach in a broader sense with initiatives already in place to achieve a better balance in its workforce. Working more closely with organisations in the community, the Company is seeking to create opportunities for training and work experience for disabled people and seeking to encourage more active participation from people from ethnic minority backgrounds. This is in addition to work in place to assist employees with special needs who are already in the Company's employment.

DWR CYMRU CYFYNGEDIG

REPORT OF THE DIRECTORS (continued)

EMPLOYEE INFORMATION (continued)

Direct participation in Hyder as a business can be demonstrated by the number of employees owning or saving for shares in Hyder plc. All of the Company's employees participate in a profit related pay scheme, designed to reflect the relationship between performance and profit.

CONTRIBUTIONS FOR CHARITABLE AND POLITICAL PURPOSES

There have been no political donations during the year. Charitable donations amounted to £16,000 (1995 £57,673).

RESEARCH AND DEVELOPMENT

Research and development remains central to the Company's achievements in improving operational efficiency and to the achievement of both national and international standards for potable water, sewage effluent and sludge.

REGULATORY ACCOUNTS

Condition F of the Instrument of Appointment under which Dwr Cymru Cyfyngedig operates requires specified accounting statements to be published. Copies of these accounts will be available from the Company Secretary after 30 September 1996.

LICENCE CHANGES

Modifications of the conditions of Appointment of the Company as a water and sewerage undertaker were made on 28 March 1996 and came into effect on 1 April 1996. These modifications had earlier been agreed by the Company and the Director General of Water Services. The Company believes that these modifications offer reasonable protection for the customers of the regulated water and sewerage business, without prejudicing its ability to manage that business efficiently.

DIVIDEND

The Company has declared a dividend for the year ended 31 March 1996 of £67m (1995 £65m) to its shareholder, Hyder plc. The Company's policy is to pay dividends which do not impair the Company's ability to finance its Appointed Business as a Water and Sewerage undertaker. The Company has received written confirmation from the Director General of Water Services that its policy is consistent with the basic principles with which he believes a company dividend policy should comply.

DWR CYMRU CYFYNGEDIG

REPORT OF THE DIRECTORS (continued)

DIVIDEND (continued)

The Directors will recommend the level of dividend each year in light of the policy and the circumstances applying at the time. The Company believes that, under a system of incentive based price-cap regulation, dividends should reward improved operating performance, the management of economic risks and any retention of profits, whilst maintaining a financial position consistent with the stated policy.

AUDITORS

The Auditors Coopers & Lybrand have signified their willingness to continue in office. A resolution for their reappointment will be proposed at the Annual General Meeting.

By order of the Board



**R G Curtis, LLB ACIS
Company Secretary**

17 June 1996

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

Company Number: 2366777

DWR CYMRU CYFYNGEDIG

STATEMENTS OF DIRECTORS RESPONSIBILITIES

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are required by UK Company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



**R G Curtis, LLB ACIS
Company Secretary**

17 June 1996

DWR CYMRU CYFYNGEDIG

REPORT OF THE AUDITORS TO THE MEMBERS OF DWR CYMRU CYFYNGEDIG

We have audited the financial statements on pages 8 to 32.

Respective responsibilities of directors and auditors

As described on page 6 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 at 31 March 1996 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
Chartered Accountants and Registered Auditors
Cardiff

17 June 1996

DWR CYMRU CYFYNGEDIG

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Accounting Standards applicable in the United Kingdom and, except for the treatment of certain grants and contributions, complies with the Companies Act 1985. An explanation of this departure from the requirements of the Companies Act 1985 is given in the "Grants and Contributions" section below. A summary of the principal accounting policies which have been consistently applied, is shown below.

CHANGES IN PRESENTATION OF FINANCIAL INFORMATION

Since the previous Annual Report, the Accounting Standards Board has issued the Financial Reporting Standard 8 Related Party Transactions. In addition the Urgent Issues Task Force ("UITF") has issued a number of abstracts in the year and Statutory Instrument 1996/189, an amendment to the Companies Act 1985, was approved. Where relevant these financial statements comply with the Standard, UITF abstracts and Statutory Instrument and the presentation of financial information has been restated accordingly.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the historical cost convention.

TURNOVER

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

EXCEPTIONAL ITEMS

Exceptional items are those that need to be disclosed by virtue of their size and incidence. Such items are included within operating profit unless they represent profits or losses on the sale or termination of an operation, costs of a fundamental reorganisation or restructuring having a material effect on the nature and focus of the Company, or profits or losses on the disposal of fixed assets. In these cases, separate disclosure is provided on the face of the profit and loss account after operating profit.

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 after deducting grants and contributions.

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.

DWR CYMRU CYFYNGEDIG

PRINCIPAL ACCOUNTING POLICIES

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:

Leasehold buildings	over the period of the lease
Freehold buildings	30-60 years
Operational structures	40-80 years
Fixed plant	20-40 years
Vehicles, mobile plant and equipment	3 -16 years
Assets in the course of construction are not depreciated until commissioned.	

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 life and the lease period. 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, CONTRIBUTIONS AND INFRASTRUCTURE CHARGES

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, contributions and infrastructure charges relating to infrastructure assets, which are non-depreciating assets, have been offset against fixed assets (see note 9c).

INTEREST RATE SWAPS

Interest differentials, under swap arrangements used to manage interest rate exposure of borrowings and current asset investments, are recognised by adjusting interest payable or receivable as appropriate.

INVESTMENTS

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

DWR CYMRU CYFYNGEDIG
PRINCIPAL ACCOUNTING POLICIES

STOCKS AND WORK IN PROGRESS

Stocks are stated at the lower of cost and net realisable value which takes account of 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 an independent professionally qualified actuary. Any difference between the charge to the profit and loss account and contributions paid is shown as an asset or liability in the balance sheet.

FOREIGN CURRENCIES

All exchange gains or losses on settlement or translation at closing rates of exchange of monetary assets and liabilities are included in the determination of profit for the year.

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

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

DWR CYMRU CYFYNGEDIG
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1996

	Note	1996 £m	1995 £m
Turnover		430.9	415.5
Net operating costs	3	(280.2)	(262.7)
Operating profit		<u>150.7</u>	<u>152.8</u>
Continuing operations		170.8	169.8
Exceptional items	4	(20.1)	(17.0)
Operating profit		<u>150.7</u>	<u>152.8</u>
Profit on disposal of fixed assets		0.7	0.2
Profit on ordinary activities before interest		<u>151.4</u>	<u>153.0</u>
Interest receivable		17.9	14.6
Interest payable	6	(30.7)	(25.4)
Profit on ordinary activities before taxation		<u>138.6</u>	<u>142.2</u>
Taxation	7	(15.2)	(4.0)
Profit on ordinary activities after taxation		<u>123.4</u>	<u>138.2</u>
Dividends	8	(67.0)	(65.0)
Retained profit for the year	21	<u>56.4</u>	<u>73.2</u>

All operations are continuing.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical equivalents.

DWR CYMRU CYFYNGEDIG
BALANCE SHEET AT 31 MARCH 1996

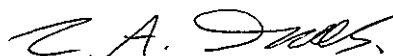
	Note	1996 £m	1995 £m
Fixed assets			
Tangible assets	9	1450.6	1304.9
Investments	10	0.1	0.1
		-----	-----
		1450.7	1305.0
Current assets			
Stocks and work in progress	11	6.5	5.7
Debtors	12	83.6	79.5
Current asset investments	13(a)	225.5	271.4
Cash at bank and in hand		3.4	3.2
		-----	-----
		319.0	359.8
Current liabilities			
Creditors: amounts falling due within one year	14(a)	(225.0)	(212.3)
		-----	-----
Net current assets		94.0	147.5
		-----	-----
Total assets less current liabilities		1544.7	1452.5
		-----	-----
Creditors: amounts falling due after more than one year	14(b)	(386.6)	(358.7)
		-----	-----
Provisions for liabilities and charges	19	(75.2)	(67.3)
		-----	-----
Net assets		1082.9	1026.5
		=====	=====
Capital and reserves			
Called up share capital	20	276.1	276.1
Reserves	21	806.8	750.4
		-----	-----
Equity shareholder's funds		1082.9	1026.5
		=====	=====

The financial statements on pages 8 to 32 were approved by the Board of Directors on 17th June 1996 and were signed on its behalf by:

B H Charles
Executive Chairman



C A Jones
Finance Director



DWR CYMRU CYFYNGEDIG
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1996

	Note	1996 £m	1995 £m
Operating activities			
Net cash inflow from operating activities	22	182.4	208.2
Returns on investments and servicing of finance			
Interest received		17.8	12.8
Interest paid		(25.8)	(20.6)
Interest element of finance leases		(4.9)	(6.4)
Dividends paid		(62.6)	(62.4)
Net cash outflow from returns on investments and servicing of finance		(75.5)	(76.6)
Taxation			
Group relief paid		(0.9)	(7.9)
Corporation tax paid		(1.0)	-
Tax paid		(1.9)	(7.9)
Investing activities			
Purchase of tangible fixed assets		(191.4)	(182.5)
Sale of tangible fixed assets		1.0	0.4
Assets purchased from Group undertakings		-	(0.1)
Assets sold to Group undertakings		-	0.6
Grants and contributions received		14.8	13.3
Net cash outflow from investing activities		(175.6)	(168.3)
Net cash outflow before financing and treasury activities		(70.6)	(44.6)
Financing and treasury activities			
Loan received from parent undertaking		5.9	8.3
Loan repaid to parent undertaking		(2.9)	-
Long term loan received from subsidiary undertaking		-	75.0
Long term loan received		29.2	10.0
Long term loans repaid		(2.7)	(2.7)
New finance leases		-	8.1
Capital payments under finance leases		-	(0.2)
Decrease/(increase) in deposits and other money market investments	25	77.2	(68.0)
Net cash inflow from financing and treasury activities		106.7	30.5
Increase/(decrease) in cash and cash equivalents	24	36.1	(14.1)

DWR CYMRU CYFYNGEDIG

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS FOR THE YEAR ENDED 31 MARCH 1996

	1996 £m	1995 £m
Profit for the financial year attributable to shareholders	123.4	138.2
Dividends	(67.0)	(65.0)
	-----	-----
Net increase in shareholder's funds	56.4	73.2
At 1 April	1026.5	953.3
	-----	-----
At 31 March	1082.9	1026.5
	=====	=====

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

1 Consolidated Financial Statements

The Company has taken advantage of Section 228 (1) of the Companies Act 1985 not to produce consolidated accounts as it is a wholly owned subsidiary of Hyder plc.

2 Segmental analysis by class of business

Turnover	Total turnover £m	Intra segment turnover £m	Inter segment turnover £m	External turnover £m
Year ended 31 March 1996:				
Regulated water and sewerage activities	422.9	-	1.0	421.9
Non regulated activities	43.6	0.6	34.0	9.0
	----- 466.5	----- 0.6	----- 35.0	----- 430.9
	=====	=====	=====	=====
Year ended 31 March 1995:				
Regulated water and sewerage activities	409.2	-	1.1	408.1
Non regulated activities	38.1	0.4	30.3	7.4
	----- 447.3	----- 0.4	----- 31.4	----- 415.5
	=====	=====	=====	=====

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

2. Segmental analysis by class of business (continued)

Profit on ordinary activities before taxation	1996 £m	1995 £m
<u>Regulated water and sewerage activities:</u>		
Operating profit *	146.8	148.8
Interest payable	(10.7)	(8.9)
Profit on disposal of fixed assets	0.5	-
	<u>136.6</u>	<u>139.9</u>
 <u>Non regulated activities:</u>		
Operating profit	3.9	4.0
Interest payable	(2.1)	(1.9)
Profit on disposal of fixed assets	0.2	0.2
	<u>2.0</u>	<u>2.3</u>
	<u>138.6</u>	<u>142.2</u>
 * Operating results as disclosed above, are after deducting exceptional items of £20.1m (1995 - £17.0m) (see note 4). The operating profit, prior to deducting the exceptional items, is set out below:		
Operating profit	166.9	165.8
	<u>166.9</u>	<u>165.8</u>
 Net assets		
Regulated water and sewerage activities	1070.0	1015.6
Non regulated activities	12.9	10.9
	<u>1082.9</u>	<u>1026.5</u>

Substantially all turnover and profit before taxation, by origin and destination, was attributable to the UK.

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

3 Net operating costs		Before exceptional items	Exceptional items (Note 4)	Total after exceptional items
	Note	£m	£m	£m
Year ended 31 March 1996				
Change in stocks and work in progress		(0.8)	-	(0.8)
Infrastructure renewals expenditure	19(b)	23.4	-	23.4
Staff costs	5(b)	73.1	-	73.1
Severance and redundancy costs		-	16.4	16.4
Depreciation:				
Own assets		38.0	-	38.0
Assets held under finance leases		3.6	-	3.6
Research and development		0.6	-	0.6
Rentals under operating leases:				
Hire of plant and equipment		1.8	-	1.8
Land and buildings		0.6	-	0.6
Other		0.1	-	0.1
Fees paid to auditors:				
Audit services		0.1	-	0.1
Consultancy services		0.1	-	0.1
Other operating charges		144.2	3.7	147.9
Amortisation of grants and contributions	19(c)	(1.9)	-	(1.9)
Other operating income:				
Net rents receivable		(0.3)	-	(0.3)
		-----	-----	-----
		282.6	20.1	302.7
Own costs capitalised		(22.5)	-	(22.5)
		-----	-----	-----
Total net operating costs		260.1	20.1	280.2
		=====	=====	=====

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

3	Net operating costs (continued)	Before exceptional items	Exceptional items (Note 4)	Total after exceptional items
	Note	£m	£m	£m
	Year ended 31 March 1995			
		(0.6)	-	(0.6)
	19(b)	23.4	-	23.4
	5(b)	72.4	-	72.4
		-	15.3	15.3
	Depreciation:			
		34.2	-	34.2
		1.9	-	1.9
		0.7	-	0.7
	Rentals under operating leases:			
		1.9	-	1.9
		0.5	1.0	1.5
		1.7	0.7	2.4
	Fees paid to auditors:			
		0.1	-	0.1
		0.2	-	0.2
		134.3	-	134.3
	19(c)	(4.1)	-	(4.1)
	Other operating income:			
		(0.4)	-	(0.4)
		266.2	17.0	283.2
		(20.5)	-	(20.5)
		245.7	17.0	262.7
		=====	=====	=====
4	Exceptional items		1996 £m	1995 £m
	Provision for restructuring the regulated water and sewerage business:-			
			16.4	15.3
			-	1.0
			3.7	0.7
			-----	-----
			20.1	17.0
			=====	=====

The tax credit attributable to the exceptional item is £0.2m (1995 £3.1m). This tax credit has reduced the tax charge in note 7.

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

5 Directors and employees

(a) Directors' remuneration

Executive directors' remuneration represents salary plus a bonus based on the performance of the Company.

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

	1996	1995
	£000	£000
Contributions to pension schemes	64	62
Emoluments (including benefits in kind)	544	508
Compensation for loss of office and other termination payments	50	47
	658	617
	658	617

	1996	1995
	£000	£000
Included in the above are amounts (excluding pension contributions) paid to:		

The Chairman.	22	22
	22	22

	1996	1995
	£'000	£'000
The highest paid director	91	96
	91	96

The number of directors (including the chairman and highest paid director) who received fees and other emoluments, (excluding pension contributions) in the following ranges was:

	1996	1995
	Number	Number
£ 5,001 - £ 10,000	1	-
£ 15,001 - £ 20,000	1	-
£ 20,001 - £ 25,000	1	1
£ 30,001 - £ 35,000	-	3
£ 55,001 - £ 60,000	1	-
£ 60,001 - £ 65,000	1	-
£ 65,001 - £ 70,000	2	2
£ 70,001 - £ 75,000	1	1
£ 80,001 - £ 85,000	-	1
£ 85,001 - £ 90,000	1	-
£ 90,001 - £ 95,000	1	-
£ 95,001 - £100,000	-	1

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

(b) Staff costs	1996	1995
	£m	£m
Wages and salaries	61.9	61.1
Social security costs	4.9	4.8
Pension costs	6.3	6.5
	<u>73.1</u>	<u>72.4</u>
	<u> </u>	<u> </u>

Of the above, £8.6m (1995 £8.4m) has been charged to capital.

(c) Average weekly number of employees during the year	1996	1995
	Number	Number
Regulated water and sewerage activities	2744	2972
Non regulated activities	317	310
	<u>3061</u>	<u>3282</u>
	<u> </u>	<u> </u>

On 31 March 1996, 719 employees (full-time equivalents) engaged in support activities were transferred to other subsidiary companies of Hyder plc.

6 Interest payable	1996	1995
	£m	£m
On bank loans and overdrafts	1.0	0.8
On other loans	24.9	19.8
	<u>25.9</u>	<u>20.6</u>
On finance leases	4.8	4.8
	<u>30.7</u>	<u>25.4</u>
	<u> </u>	<u> </u>

Included in other loans are amounts payable to Group undertakings of £16.1m (1995 £11.8m).

7 Taxation	1996	1995
	£m	£m
Based on the results for the year:		
UK corporation tax at 33% (1995 33%)	13.4	12.8
Group relief payable	1.3	1.5
	<u>14.7</u>	<u>14.3</u>
Prior year adjustments:		
Corporation tax	-	(8.2)
Group relief payable/(receivable)	0.5	(2.1)
	<u>15.2</u>	<u>4.0</u>
	<u> </u>	<u> </u>

The tax charge has been reduced by £34.5m (1995 £34.1m) in respect of excess tax allowances over depreciation and other timing differences, for which no provision is made.

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

8	Dividends					
			1996	1995		
			£m	£m		
	Interim paid		30.0	32.4		
	Final proposed		37.0	32.6		
			67.0	65.0		
			<u> </u>	<u> </u>		
9	(a) Tangible fixed assets - analysis by type					
		Freehold land and buildings £m	Infra structure assets £m	Vehicles plant and equipment £m	Operational structures £m	Total £m
	Cost					
	At 1 April 1995	48.5	516.4	182.7	858.2	1605.8
	Reclassification	(3.3)	7.6	(18.2)	13.9	-
		<u>45.2</u>	<u>524.0</u>	<u>164.5</u>	<u>872.1</u>	<u>1605.8</u>
	Additions	1.0	61.0	15.1	122.0	199.1
	Grants and contributions	-	(9.9)	(0.5)	-	(10.4)
	Disposals	-	(0.1)	(2.3)	-	(2.4)
	Amounts written off in year	-	-	(1.1)	-	(1.1)
		<u>46.2</u>	<u>575.0</u>	<u>175.7</u>	<u>994.1</u>	<u>1791.0</u>
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Accumulated depreciation					
	At 1 April 1995	13.4	-	105.0	182.5	300.9
	Reclassification	(2.6)	-	(7.1)	9.7	-
		<u>10.8</u>	<u>-</u>	<u>97.9</u>	<u>192.2</u>	<u>300.9</u>
	Charge for the year	0.9	-	14.8	25.9	41.6
	Disposals	-	-	(2.1)	-	(2.1)
		<u>11.7</u>	<u>-</u>	<u>110.6</u>	<u>218.1</u>	<u>340.4</u>
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Net book value					
	At 31 March 1996	34.5	575.0	65.1	776.0	1450.6
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 31 March 1995	35.1	516.4	77.7	675.7	1304.9
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	Analysis of net book value at 31 March 1996					
	Owned	34.5	575.0	65.1	711.1	1385.7
	Held under finance leases	-	-	-	64.9	64.9
		<u>34.5</u>	<u>575.0</u>	<u>65.1</u>	<u>776.0</u>	<u>1450.6</u>
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

9 (b) Tangible fixed assets - analysis by service

	Water services £m	Sewerage services £m	Other trading activities £m	General £m	Total £m
Cost					
At 1st April 1995	768.0	683.2	0.3	154.3	1605.8
Additions	82.4	100.3	-	16.4	199.1
Grants & contributions	(6.1)	(3.8)	-	(0.5)	(10.4)
Disposals	-	(0.1)	-	(2.3)	(2.4)
Amount Written off in year	-	-	-	(1.1)	(1.1)
	-----	-----	-----	-----	-----
At 31 March 1996	844.3	779.6	0.3	166.8	1791.0
	=====	=====	=====	=====	=====
Accumulated depreciation					
At 1st April 1995	105.4	114.6	-	80.9	300.9
Charge for the year	14.6	12.4	-	14.6	41.6
Disposals	-	-	-	(2.1)	(2.1)
	-----	-----	-----	-----	-----
At 31 March 1996	120.0	127.0	-	93.4	340.4
	=====	=====	=====	=====	=====
Net book value					
At 31 March 1996	724.3	652.6	0.3	73.4	1450.6
	=====	=====	=====	=====	=====
At 31 March 1995	662.6	568.6	0.3	73.4	1304.9
	=====	=====	=====	=====	=====
Analysis of net book value at 31 March 1996					
Owned	679.4	632.6	0.3	73.4	1385.7
Held under finance leases	44.9	20.0	-	-	64.9
	-----	-----	-----	-----	-----
	724.3	652.6	0.3	73.4	1450.6
	=====	=====	=====	=====	=====

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

9 (c) Tangible fixed assets

- (i) Tangible fixed assets at 31 March 1996 include £203.7m (1995 £188.5m) of assets in the course of construction, which are not depreciated until commissioned.
- (ii) Reclassification has arisen from a detailed analysis of pre - 1989 assets undertaken for the 1995 Periodic Review.
- (iii) The accounting treatment for grants, contributions and infrastructure charges in respect of infrastructure assets is described in the Principal Accounting Policies on page 9. This treatment is not in accordance with Schedule 4 to the Companies Act 1985 which requires fixed assets to be shown at the purchase price or production cost and hence grants and contributions would be presented under the Act as deferred income. The treatment explained on page 9 has been adopted in accordance with section 226(5) of the Companies Act 1985 in order to show a true and fair view as 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 are therefore deducted directly from their purchase or production cost. As a consequence the net book value for fixed assets is £113.9m (1995 £103.5m) lower than it would have been had this treatment not been adopted.

10 Fixed asset investments

The Company has fixed asset investments of £0.1m (1995 £0.1m) as follows:-

Equity in the following subsidiary company:-

	Country of Registration	Description of shares held	Proportion Held
Welsh Water Utilities Finance PLC	England and Wales	£1 ordinary shares	100%

Welsh Water Utilities Finance PLC is an investment company providing long term funding for Dwr Cymru Cyfyngedig. The share capital and reserves of that company at 31 March 1996 were:-

	£'000
Share capital	50
Reserves	227

	277
	=====

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

10 Fixed asset investments (continued)

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

11 Stocks and work in progress

	1996 £m	1995 £m
Consumable stores	5.7	5.0
Work in progress	0.8	0.7
	-----	-----
	6.5	5.7
	=====	=====

12 Debtors

	1996 £m	1995 £m
Amounts falling due within one year:		
Trade debtors	40.9	39.8
Amounts owed by Group undertakings	0.7	0.3
Other debtors	11.4	13.0
Prepayments and accrued income	23.1	21.4
	-----	-----
	76.1	74.5
Amounts falling due after more than one year:		
Other debtors	7.5	5.0
	-----	-----
	83.6	79.5
	=====	=====

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

13 Current asset investments

	1996	1995
	£m	£m
(a) Investments:		
Fixed term and call deposits	161.4	256.4
Other money market investments	64.1	15.0
	<u>225.5</u>	<u>271.4</u>
Original maturity periods are as follows:		
Within three months and regarded as cash equivalents in the cashflow statement	75.2	43.9
Over three months	150.3	227.5
	<u>225.5</u>	<u>271.4</u>

Of the above amounts, with an original maturity of over three months, £2.0m (1995 £13.0m) matures more than one year after the balance sheet date.

Investments are managed on behalf of Dwr Cymru Cyfyngedig by Hyder plc under an agency agreement.

(b) Interest rate swaps:

The Company has entered into interest rate swap arrangements in order to manage the interest rate exposure of the Company and not for trading or speculative purposes.

Outstanding interest rate swap arrangements are summarised as follows:-

	Notional principal balance £m	Termination dates	Interest rates receivable
At 31 March 1996	99.2	July 96 - Dec 99	6.040% - 7.420%
At 31 March 1995	120.0	Sept 95 - Jan 97	6.525% - 7.420%

14 Creditors

	Note	1996	1995
		£m	£m
(a) Amounts falling due within one year:			
Bank loans and overdrafts		20.2	24.8
Other loans	15	2.6	2.8
Trade creditors		79.6	74.9
Amounts owed to group undertakings		29.6	18.7
Dividend proposed		37.0	32.6
Corporation tax		10.8	6.5
Other taxation and social security		1.6	1.9
Other creditors		43.1	49.6
Accruals and deferred income		0.5	0.5
		<u>225.0</u>	<u>212.3</u>

DWR CYMRU CYFYNGEDIG
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996

14	Creditors (continued)		1996 £m	1995 £m
	(b) Amounts falling due after more than one year:			
	Other loans	15	112.3	85.9
	Obligations under finance leases	16	73.4	73.4
	Amounts owed to group undertaking		197.3	197.3
	Other creditors:			
	Between one and five years		3.6	2.1
			-----	-----
			386.6	358.7
			=====	=====

Amounts owed to group undertaking comprises loans of £99.1m and £98.2m at an interest rate of 7.55%. The loans are repayable in 2004 and 2014 respectively.

15	Loans		1996 £m	1995 £m
	Other Loans			
	Due for repayment as follows:			
	Within one year		2.6	2.8
	Between one and two years		2.6	2.7
	Between two and five years		45.8	16.7
	After more than five years		63.9	66.5
			-----	-----
			114.9	88.7
			=====	=====

Interest rates on these loans range between 6 month Sterling LIBOR minus 22 basis points and 11.2% (1995 - 6.7% and 11.2%).

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

16	Finance leases	1996 £m	1995 £m
	Amounts due under finance leases after five years	73.4	73.4
		====	====

The Company has arranged a long dated interest rate swap which has the effect of fixing the rate of interest at 7.8% on floating rate sterling finance lease obligations of £62.5m, which reduces over a term of 18 years.

17	Capital commitments	1996 £m	1995 £m
	Contracted for but not provided in the financial statements	196.9	76.2
		====	====

In order to meet regulatory and service standards, the Company has longer term capital expenditure obligations totalling approximately £1.8 billion at current prices over the next nine years, which include investments to meet shortfalls in performance and condition, and to provide for new demands and growth.

18	Leasing commitments	Land and buildings		Other	
		1996	1995	1996	1995
		£m	£m	£m	£m
	At 31 March 1996 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	0.1	0.2	0.2	0.3
	After five years	0.6	0.5	-	-
		-----	-----	-----	-----
		0.7	0.7	0.2	0.3
		====	====	====	====
	Due to fellow subsidiary undertaking expiring between two and five years	-	-	0.5	-
		====	====	====	====

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

19 Provisions for liabilities and charges

	Note	1996 £m	1995 £m
Infrastructure maintenance provision	(b)	20.7	23.9
Deferred income	(c)	35.5	33.3
Restructuring provision	(d)	19.0	10.1
		75.2	67.3
		75.2	67.3

(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 amount unprovided of the total potential liability for deferred taxation comprises:

	Amount unprovided	
	1996 £m	1995 £m
Tax effect of timing difference		
Excess of tax allowances over depreciation	234.7	193.9
Other timing differences	(5.7)	(1.7)
	229.0	192.2
	229.0	192.2

(b) Infrastructure maintenance provision

	1996 £m	1995 £m
At 1 April	23.9	13.4
Charge for the year	23.4	23.4
Expenditure in the year	(26.6)	(12.9)
	20.7	23.9
At 31 March	20.7	23.9

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. The above provision represents the difference between the annual anticipated expenditure for infrastructure maintenance and that actually incurred.

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

19 Provision for liabilities and charges (continued)

(c) Deferred income

	1996	1995
	£m	£m
At 1 April	33.3	35.4
Received during the year	4.1	2.0
Released to profit and loss account	(1.9)	(4.1)
	<u> </u>	<u> </u>
At 31 March	35.5	33.3
	<u> </u>	<u> </u>

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

(d) Restructuring provision

	1996	1995
	£m	£m
At 1 April	10.1	-
Provision made in the year	20.1	17.0
Utilised in the year	(11.2)	(6.9)
	<u> </u>	<u> </u>
At 31 March	19.0	10.1
	<u> </u>	<u> </u>

20 Called up share capital

	1996	1995
	£m	£m
Authorised:		
301,050,000 Ordinary shares of £1 each	301.1	301.1
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
276,050,000 Ordinary shares of £1 each	276.1	276.1
	<u> </u>	<u> </u>

21 Reserves

Profit and loss account

	1996	1995
	£m	£m
At 1 April	750.4	677.2
Profit retained for the year	56.4	73.2
	<u> </u>	<u> </u>
At 31 March	806.8	750.4
	<u> </u>	<u> </u>

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

22	Net cash inflow from operating activities		1996 £m	1995 £m
	Operating profit		150.7	152.8
	Depreciation of tangible fixed assets		41.6	35.4
	Tangible fixed assets written off		1.1	0.7
	Infrastructure maintenance accrual		(3.2)	10.5
	Amortisation of grants and contributions		(1.9)	(4.1)
	Restructuring provision		8.9	10.1
	Net increase in stocks		(0.8)	(0.6)
	Net (increase)/decrease in debtors		(4.5)	1.2
	Net (decrease)/increase in creditors		(9.5)	2.2
			-----	-----
	Net cash inflow from operating activities		<u>182.4</u>	<u>208.2</u>
			=====	=====
23	Analysis of changes in financing in the year			
				Long term loans & finance lease obligations
			1996	1995
			£m	£m
	At 1 April		372.8	274.3
	Long term loan received		29.2	10.0
	Loan received from group undertakings		5.9	8.3
	Loan received from subsidiary undertakings		-	75.0
	New finance leases		-	8.1
	Loan repayments		(2.7)	(2.7)
	Loan repayments to group undertakings		(2.9)	-
	Finance lease repayments		-	(0.2)
			-----	-----
	At 31 March		<u>402.3</u>	<u>372.8</u>
			=====	=====
24	Analysis of changes in cash and cash equivalents in the year			
		Note	1996	1995
			£m	£m
	At 1 April	26	22.3	36.4
	Net cash inflow/(outflow)		36.1	(14.1)
			-----	-----
	At 31 March	26	<u>58.4</u>	<u>22.3</u>
			=====	=====

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

25 Analysis of changes in deposits and investments in the year

	1996 £m	1995 £m	1996 Change in year £m	1995 Change in year £m
Fixed term and call deposits and other money market investments	150.3	227.5	(77.2)	68.0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Current asset investments which are not treated as cash and cash equivalents are available to finance future capital investment and are therefore treated as a financing and treasury activity, rather than an investing activity, in the cashflow statement.

26 Analysis of cash and cash equivalents

	1996 £m	1995 £m	1996 Change in year £m	1995 Change in year £m
Cash at bank and in hand	3.4	3.2	0.2	-
Short term deposits and investments	75.2	43.9	31.3	(14.5)
Bank loans and overdrafts	(20.2)	(24.8)	4.6	0.4
	<u>58.4</u>	<u>22.3</u>	<u>36.1</u>	<u>(14.1)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

27 Directors' and officers' loans and transactions

No loans or credit transactions with any directors, officers or connected persons subsisted during the year or were outstanding at the end of the year.

28 Pension schemes

Hyder plc 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 Hyder plc. 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 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 and increases to pensions in payment and deferred pensions of 5% per annum.

The last actuarial valuation of the two schemes was carried out as at 31 March 1993. The market value of the assets at the valuation date for the WMIS was £51.8m. Using the assumptions adopted for the Statement of Standard Accounting Practice No. 24 "Accounting for Pension Costs", the actuarial value of assets represented 107% of the value of the accrued benefits after allowing for expected future earnings increases. In deriving the pension cost under SSAP24 the surplus in the scheme is being recognised by a reduction in employers' contribution rates which were implemented on 1 April 1994.

DWR CYMRU CYFYNGEDIG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1996

28 Pension schemes (continued)

The market value of the assets at the valuation date for the WPS was £132.4m. Using the assumptions adopted for SSAP24, the actuarial value of the assets represented 95% of the value of the accrued benefits after allowing for expected future earnings increases. In deriving the pension cost under SSAP24 the deficiency in the scheme is being spread over the working lifetime of the existing members by way of increased employers' contribution rates which were implemented on 1 April 1994.

The total pension cost for the period was £6.3m (1995 - £6.5m).

29 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 reservoirs 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 Dwr Cymru Cyfyngedig under the provisions of the Water Act 1989. The assets of the Fund are not included in these financial statements.

30 Contingent liabilities

The Company has provided guarantees in respect of the principal and interest payments relating to Eurobonds issued by its subsidiary undertaking, Welsh Water Utilities Finance PLC, amounting to £200m (1995 £200m).

During the year the company has given guarantees to National Westminster Bank Plc in respect of the bank overdraft of a fellow subsidiary. At 31 March 1996 the overdraft was £13.4m (1995 £14.6m).

31 Related party transactions

In accordance with the exemption afforded by Financial Reporting Standard 8 there is no disclosure in these financial statements of transactions with entities that are part of the Hyder plc group (note 32).

32 Ultimate holding company

The ultimate holding company is Hyder plc which is registered in England and Wales.

The financial statements of Hyder plc can be obtained from the Company Secretary of Hyder plc at P.O. Box 295, Alexandra Gate, Rover Way, Cardiff, CF2 2UE.

DWR CYMRU CYFYNGEDIG

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1996**

Five year summary

	Year ended 31 March				
	1996	1995	1994	1993	1992
	£m	£m	£m	£m	£m
Turnover	430.9	415.5	396.2	363.1	334.0
Operating profit	150.7	152.8	153.1	132.5	121.6
Profits on disposal of fixed assets	0.7	0.2	0.3	2.2	1.4
Net interest receivable/(payable)	(12.8)	10.8)	(4.4)	4.3	16.8
Profit on ordinary activities before taxation	138.6	142.2	149.0	139.0	139.8
Taxation	(15.2)	(4.0)	(9.4)	1.7	(10.0)
Profit on ordinary activities after taxation	123.4	138.2	139.6	140.7	129.8
Dividends	(67.0)	(65.0)	(98.0)	(74.7)	(108.4)
Retained profit for the year	56.4	73.2	41.6	66.0	21.4
Fixed asset	1450.7	1305.0	1162.7	1045.6	911.8
Net current assets	94.0	147.5	107.1	44.2	95.4
Total assets less current liabilities	1544.7	1452.5	1269.8	1089.8	1007.2
Creditors : amounts falling due after more than one year	(386.6)	(358.7)	(267.7)	(133.8)	(110.1)
Provisions for liabilities and charges	(75.2)	(67.3)	(48.8)	(44.3)	(51.4)
Net assets	1082.9	1026.5	953.3	911.7	845.7
Capital and reserves					
Called up share capital	276.1	276.1	276.1	276.1	276.1
Reserves	806.8	750.4	677.2	635.6	569.6
Equity shareholders' funds	1082.9	1026.5	953.3	911.7	845.7

- (a) 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 1991 are restated to take account of the change in accounting policy relating to non-infrastructure assets.
- (b) Prior year figures have been restated to reflect subsequent changes in accounting policies as noted in the Principal Accounting Policies.