DŴR CYMRU
WELSH WATER

Registered no. 2366777

Dwr Cymru Cyfyngedig

Directors' report and financial statements

for the year ended 31 March 2001

Registered Office:-
Pentwyn Road
Nelson
Treharris
Mid Glamorgan, CF46 6LY

FM: FS21957
Water Quality Monitoring

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Foreword

The financial year 2000-01 can only be described as a tumultuous one for Dwr Cymru Welsh Water (DCWW). The year began with much speculation as to the result of the strategic review that had been announced back in November 1999 by its parent company, Hyder Plc. Bids were soon made to acquire Hyder, first by the Nomura Principal Finance Group and subsequently by Western Power Distribution (WPD). At the same time, a new company Glas Cymru Cyfyngedig (GCC) had been formed with the sole purpose of acquiring DCWW from Hyder. Ultimately, WPD succeeded in taking control of Hyder in September 2000, but that was not the end of the process. An announcement was made on 3 November 2000 that WPD had agreed to sell DCWW to GCC. Regulatory clearance for the acquisition was announced by the Director General of OFWAT on 31 January 2001. However, it was not actually until 11 May 2001 that the transaction was completed, following a £1,910 million bond issue to refinance the company.

Uncertainty over the identity of the ultimate owner of the company was not the only fundamental issue faced by the business during the year. DCWW had already embarked upon a process of preparation to outsource its day to day operating activities through a competitive market process. Two major outsourcing contracts were successfully tendered during the second half of the year, one for the operation of the water and waste water infrastructure and the other for the management of customer service functions. The fact that this process was completed successfully in such a relatively short space of time is a credit to all those involved in it, and the enormous efforts that they have devoted to the task. We look forward to successful long-term relationships with our new partners, United Utilities Plc and Thames Water, in the years ahead.

Despite this period of unprecedented change and uncertainty, I am pleased to be able to say that operating performance in the company has never wavered. In fact, across a host of customer service and environmental measures, performance in the year was at best ever levels. For example,

- Drinking water quality - overall compliance at tap (99.6%)
- Interruptions to supply - greater than 6 hours (0.32%)
- Leakage - (9.7m^3/ km / day
- Bathing waters - mandatory compliance (98.6%)
- Customer contact - answered within 5 days (99.5%)

Again, enormous credit must go to all those who work for the business to have achieved such excellent performance in such trying circumstances.

The year 2000-01 also marked the first year of the current regulatory period which involves the further challenge of delivering a £1,200 million capital investment programme on time and to budget. A good start was made to the process involving, in particular, the formation of long-term partnering relationships with six leading capital contractors and the formation of a "strategic alliance" with these firms. This gives DCWW great confidence that it will be able to meet the exacting investment timetable and cost targets set for it by the regulators. Unfortunately, the outbreak of the foot and mouth crisis towards the end of the year, which had such a debilitating effect on the rural economy in the Welsh Water region, has also led to some unavoidable delays in the water mains refurbishment programme. However, plans are in place to address these delays as soon as the crisis has been resolved and access to rural land is once again unrestricted.

Foreword (continued)

The acquisition of DCWW by GCC offers the welcome prospect of long-term stability for the water business. GCC is a company without ordinary share capital, which is therefore devoted solely to furthering the interests of its customers and the environment in the region it serves. The highly successful bond issue completed in May 2001 has enabled DCWW to substantially reduce its ongoing financing costs. The initial priority for the company will be to retain the benefit of this improved financial performance within the company to build up its reserves and further improve its long-term credit quality. However, the Board of GCC is confident that increasingly over time the benefits of improved financing will also feed back to customers in the form of lower bills. The environment will also gain significantly from the benefits that GCC's ownership will bring to DCWW. Raising the finance to carry forward the £1,200 million investment programme on any efficient terms would have been extremely difficult given the circumstances of DCWW 12 months ago. By contrast, DCWW now has a stable credit rating and long-term access to the financial markets, which gives us great confidence that we can raise the new capital needed over the rest of this quinquennium to finance this investment programme, which is so important to the quality of the aquatic environment in the region we serve, with its knock-on implications for its communities and the local economy.

These financial statements have to be read in the context of the company as at 31 March 2001 when it was under the ownership of WPD. At that stage, for example, DCWW was financed primarily through short term bank loans, which have since been repaid using part of the proceeds from the bond issue. Clearly, the profit and loss account and the balance sheet of the company will be significantly affected by the refinancing and the subsequent acquisition by GCC, which will be reflected in the financial performance that will be reported for the company for the year 2001-02. In addition, the cost structure of the company is significantly changed by the outsourcing of day to day operations, which came into effect on 1 April 2001. In the accounts hereafter a note has been included to describe these events which occurred after 31 March 2001 ("post balance sheet events") and this is Note 31. As a result of these events, the financial results of DCWW in the year to 31 March 2001 will have limited comparability with future financial results of the company

DCWW, under the ownership of GCC, is committed to an extremely transparent process of financial reporting, including regular reports to bondholders and members of Glas Cymru Cyfyngedig and interim financial statements.

I would also draw attention to the significant further information concerning DCWW and GCC which is available on the company's website:- www.dwrcymru.com.

Dr Mike Brooker
Managing Director
Dwr Cymru Cyfyngedig

Directors and advisors

Directors

Lord Burns	Chairman (appointed 11/05/2001)
M P Brooker	Managing Director
C A Jones	Finance Director (appointed 11/05/2001)
N Annett	Executive Director (appointed 11/05/2001)
J Bryant	Non executive director (appointed 11/05/2001)
A Carnwath	Non executive director (appointed 11/05/2001)
G T Davies	Non executive director (appointed 11/05/2001)
Dame D J Hine	Non executive director (appointed 11/05/2001)
A J Hobson	Non executive director (appointed 11/05/2001)
M S Lynch	Chairman (appointed 18/09/2000, resigned 11/05/2001)
D C S Oosthuizen	Director (appointed 13/12/2000,resigned 11/05/2001)
R A Symons	Director (appointed 13/12/2000,resigned 11/05/2001)
J M Barham	Director (appointed 03/05/2001, resigned 11/05/2001)
G A Hawker	Non-executive director/Chairman (resigned 18/09/2000)
C A Jones	Director (resigned 03/11/2000)
N C Annett	Director (resigned 03/11/2000)
G W Edwards	Director (resigned 12/04/2001)
G J Miles	Finance Director (resigned 11/05/2001)
R J Illidge	Director (resigned 11/05/2001)
J D Williams	Director (resigned 11/05/2001)
P B Moriarty	Non executive director (resigned 11/05/2001)
D H Thomas	Non executive director (resigned 11/05/2001)

Company secretary

R Curtis (resigned 05/02/2001;appointed 11/05/2001)
Mrs S Jones (appointed 31/03/2001; resigned 11/05/2001)
G Williams (appointed 05/02/2001;resigned 31/03/2001)

Auditors

PricewaterhouseCoopers

Solicitors

Linklaters & Alliance
Edwards Geldard

Principal bankers

National Westminster Bank Plc

The directors have pleasure in presenting their annual report to the shareholders, together with the audited financial statements for the year ended 31 March 2001 on pages 8 to 32.

Principal activity and business review

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.

On 3 November 2000 Western Power Distribution announced it had reached agreement with Glas Cymru Cyfyngedig (Glas Cymru) for the sale of the Company to Glas Cymru. Subsequent to the financial year end, and pursuant to a sale and purchase agreement dated 5 February 2001, the entire ordinary share capital of the Company was acquired by Glas Cymru (Securities) Cyfyngedig, a wholly owned subsidiary of Glas Cymru established for the purpose of acquiring and owning Dwr Cymru.

Immediately prior to the acquisition of the Company, Dwr Cymru was involved in and entered into agreements in connection with a £1,910 million asset backed bond issue by Dwr Cymru (Financing) Limited. The purpose of the bond issue was to facilitate the refinancing of Dwr Cymru and to meet the future financing and operating and capital expenditure requirements of the Company.

Trading results

Profit on ordinary activities before taxation amounted to £41.6m (2000 £98.0m). The profit attributable to ordinary shareholders amounted to £32.2m (2000 £85.1m).

The directors do not recommend payment of a final dividend for the year ended 31 March 2001(2000 £15m). However, a preference dividend of £14m (2000 £14m) was paid in respect of the year ended 31 March 2001.

Overall the business has performed satisfactorily during the year.

Fixed assets

Freehold land and buildings are carried in the accounts at historical cost at a net book value of £25.5m (2000 £32.4m). 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 at 31 March 2001.

Directors' interests in shares

The directors who held office during the year are listed on page 1. There were no significant contracts subsisting with the company during or at the end of the year, in which any director is or was materially interested (other than service contracts). No director had any interest in the share capital of the company at any time during the year.

The beneficial interests of the directors in office at 31 March 2001 in the issued share capital of Hyder Limited, the Company's then immediate parent company, were as follows:-

Directors' interests in shares (continued)

Ordinary and Preference Shareholdings

	Ordinary shares of 120p		Cumulative redeemable preference shares of £1	
	31 March 2001	31 March 2000	31 March 2001	31 March 2000
R J Illidge	-	1,586	-	3,985
G J Miles	-	130	-	-
G W Edwards	-	677	-	-
J D Williams	-	4,264	-	1,314
	-	6,657	-	5,299

G W Edwards holds loan notes in multiples of £1 to the value of £24,000 at 31 March 2001.

Following the acquisition of Hyder Limited (formerly Hyder Plc) by WPD Limited, all ordinary shares held by directors were sold at the purchase price of £3.65 and any options outstanding thereafter lapsed.

J D Williams redeemed 1,314 preference shared on 31 January 2001.
R J Illidge redeemed 3,985 preference shares on 31 January 2001.

None of the directors had any interest in the share capital of the ultimate controlling parties, Mirant Corporation and PPL Corporation.

Policy on the payment of creditors

It is company policy to comply with terms of payment negotiated with suppliers. Where payment terms are not negotiated the company endeavours to adhere to the suppliers' standard terms. The average payment period in the year was 116 days (2000 92 days).

The company has included within trade creditors amounts of monies held in respect of capital contracts. This has adversely affected the average payment period for the year.

Employment policies

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.

There is a great 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. Electronic mailing has become the most 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.Working 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.

Research and development

The company continues to monitor and selectively participate in industry research and development initiatives with a view to maintaining the Company's achievements in improving operational efficiency and to ensure continuing achievement of appropriate national and international standards for potable water, sewage effluent and sludge.

Contributions for charitable and political purposes

During the year, there have been no political donations, and charitable donations amounted to £123,228 (2000 £92,600).

Euro costs

Preparations for Euro compliance are at an early stage. Costs incurred to date have been negligible and it is too early to estimate future compliance costs.

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 31 July 2001.

Dividend

The company has not declared any dividends on ordinary shares for the year ended 31 March 2001 (2000 £15m). During the financial period the dividend policy of the Company was unchanged from that of previous years.

Subsequent to the financial year end, the company became a wholly owned subsidiary of Glas Cymru Cyfyngedig- a not for profit company, committed to retaining financial surpluses generated by the Company under its new structure and re-investing these for the benefit of Dwr Cymru, its customers and the environment.

Welsh language policy

The company welcomes dealings with its customers in Welsh or English and aims to provide an equally effective standard of service in both languages.

Post balance sheet events

After the year end, a number of post balance sheet events occurred which are described in Note 31.

Auditors

A resolution to re-appoint the auditors, PricewaterhouseCoopers, will be proposed at the Annual General Meeting.

By order of the Board

R Curtis
Company Secretary

8 June 2001

Directors' responsibilities for the financial statements

The directors are required by the Companies Act 1985 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 or loss of the company for the year. In preparing the financial statements, the directors ensure that appropriate accounting policies have been adopted and applied consistently, and that reasonable and prudent judgements have been made. The directors also confirm that applicable accounting standards have been followed and that reasonable and prudent judgements and estimates have been made.

It is the directors' responsibility to maintain adequate accounting records and to institute and maintain systems and controls designed to safeguard 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

R Curtis
Company Secretary

8 June 2001

We have audited the financial statements on pages 8 to 32, which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 6, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our professional ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations required for our audit, or if information specified by law regarding directors' remuneration and transactions are not disclosed.

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 2001 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Cardiff

8 June 2001

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, comply with the Companies Act 1985. An explanation of this departure from the requirements of the Companies Act 1985 is given in the "Grants and customer contributions" section below and note 9(c) . A summary of the principal accounting policies, which have been consistently applied, is shown below.

Changes in presentation of financial information

Since the previous directors' report and financial statements, the Accounting Standards Board has issued Financial Reporting Standard 17-Retirement Benefits, Financial Reporting Standard 18-Accounting Policies and Financial Reporting Standard 19- Deferred Taxation . These FRS' have not been adopted because their implementation dates are post 31 March 2001.These will be adopted next year.

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 operational structures and equipment and fixtures and fittings).

Infrastructure assets

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

The depreciation charge for infrastructure assets is the estimated level of annual expenditure required to maintain the operating capability of the network which is based on the company's independently certified asset management plan.

Other assets

Other assets are included at cost less accumulated depreciation. Freehold land is not depreciated. Other assets are depreciated over their estimated useful economic lives, which are principally as follows:

Freehold buildings	30-60 years
Leasehold properties	over the period of the lease
Operational structures	40-80 years
Fixed plant	20-40 years
Vehicles, mobile plant, equipment and computer hardware & software	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 and customer contributions

Grants and customer contributions relating to infrastructure assets have been offset against fixed assets (see note 9 (c)).

Grants and customer contributions in respect of expenditure on other 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.

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 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 a 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.

Interest rate swaps

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

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

The company has only provided for deferred taxation, using the liability method, on all material timing differences to the extent that is probable that a liability or asset will crystallise.

Profit and loss account for the year ended 31 March 2001

	Note	2001 £m	2000 £m
Turnover	2	**442.9**	476.9
Net operating costs	3	**(310.0)**	(324.9)
Operating profit		**132.9**	152.0
Before exceptional items :-			
Continuing operations		**144.7**	186.1
Exceptional items	4	**(11.8)**	(34.1)
Operating profit		**132.9**	152.0
(Loss)/profit on disposal of fixed assets		**(0.3)**	0.3
Profit on ordinary activities before interest		**132.6**	152.3
Interest receivable		**2.7**	2.7
Interest payable	6	**(70.1)**	(57.0)
Exceptional Item: Interest penalties on early loan repayments	6	**(23.6)**	-
Profit on ordinary activities before taxation		**41.6**	98.0
Taxation	7	**4.6**	1.1
Profit on ordinary activities after taxation		**46.2**	99.1
Dividends on preference shares	8b	**(14.0)**	(14.0)
Profit attributable to ordinary shareholder		**32.2**	85.1
Dividends on ordinary shares	8a	-	(15.0)
Retained profit for the year	22	**32.2**	70.1

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 results disclosed above and the results on an unmodified historical cost basis.

Balance sheet at 31 March 2001

	Note	2001 £m	2000 £m
Fixed assets			
Tangible assets	9	**2,252.8**	2,144.3
Investments	10	**0.1**	0.1
		2,252.9	2,144.4
Current assets			
Stocks and work in progress	11	**1.5**	3.8
Debtors	12	**72.3**	88.9
Current asset investments	13(a)	**69.0**	37.8
Cash at bank and in hand		**3.8**	7.3
		146.6	137.8
Current liabilities			
Creditors: amounts falling due within one year	14(a)	**(1,434.7)**	(309.8)
Net current (liabilities)		**(1,288.1)**	(172.0)
Total assets less current liabilities		**964.8**	1,972.4
Creditors: amounts falling due after more than one year	14(b)	**(178.7)**	(781.9)
Provisions for liabilities and charges	19	**(9.1)**	(16.1)
Deferred income	20	**(39.4)**	(40.3)
Net assets		**737.6**	1,134.1
Capital and reserves			
Called up share capital	21	**309.9**	476.1
Capital redemption reserve	22	**166.2**	-
Profit and loss account	22	**261.5**	658.0
Equity shareholder's funds		**537.6**	934.1
Non-equity shareholders' funds		**200.0**	200.0
Total shareholders' funds		**737.6**	1,134.1

The financial statements on pages 8 to 32 were approved by the Board of directors on 8 June 2001 and were signed on its behalf by:

Lord Burns
Chairman

C A Jones
Finance Director

Cashflow statement for the year ended 31 March 2001

	Note	2001 £m	2000 £m
Cash flow from operating activities	23	**259.1**	253.3
Returns on investments and servicing of finance			
Interest received		**2.7**	2.8
Interest paid		**(86.9)**	(44.9)
Preference dividends paid		**(14.0)**	(14.0)
Interest element of finance lease rental payments		**(12.2)**	(16.2)
		(110.4)	(72.3)
Taxation			
UK corporation tax received		**16.8**	(11.2)
Group relief paid		**(11.5)**	3.6
		5.3	(7.6)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(200.2)**	(242.1)
Sale of tangible fixed assets		**1.7**	0.8
Grants and contributions received		**7.8**	7.0
		(190.7)	(234.3)
Equity dividends paid		**(10.0)**	(34.7)
Cash outflow before use of liquid resources and financing		**(46.7)**	(95.6)
Management of liquid resources			
Net (increase)/decrease in deposits		**(31.2)**	34.1
Financing			
Short term loans received		**1,149.4**	-
Loan received from parent undertaking		**25.0**	100.0
Loan repaid to parent undertaking		**(245.0)**	-
Loan repaid to subsidiary undertaking		**(197.3)**	-
Loan repayments		**(200.2)**	(36.3)
Share buyback		**(428.7)**	-
		103.2	63.7
Increase in cash in the year	24	**25.3**	2.2

Reconciliation of movements in shareholder's funds for the year ended 31 March 2001

	2001 £m	2000 £m
Profit for the year attributable to ordinary shareholder	**32.2**	85.1
Repurchase of ordinary shares	**(428.7)**	-
Ordinary dividends	**-**	(15.0)
Net (decrease)/increase in shareholder's funds	**(396.5)**	70.1
At 1 April	**1,134.1**	1,064.0
At 31 March	**737.6**	1,134.1

1 Consolidated financial statements

The company has taken advantage of Section 228 (1) of the Companies Act 1985 not to produce consolidated financial statements as it is a wholly owned subsidiary of Hyder Limited.

2 Segmental analysis by class of business

(a) Turnover

	2001 £m	2000 £m
Regulated water and sewerage activities	**437.5**	472.7
Non regulated activities	**5.4**	4.2
	442.9	476.9

Turnover is stated net of customer rebates of £nil (2000 - £11.6m).

(b) Profit on ordinary activities before taxation

	2001 £m	2000 £m
Regulated water and sewerage activities		
Operating profit *	**133.2**	151.6
Profit on disposal of fixed assets	**0.9**	0.3
Net Interest payable	**(92.0)**	(55.2)
	42.1	96.7

	2001 £m	2000 £m
Non-regulated activities		
Operating (loss)/profit	**(0.3)**	0.4
Loss on disposal of fixed assets	**(1.2)**	-
Interest receivable	**1.0**	0.9
	(0.5)	1.3

* Operating profits as disclosed above, are after deducting exceptional items of £11.8m (2000- £34.1m (see Note 4)).The operating profit, prior to deducting the exceptional items, is set out below:

	2001	2000
Operating profit	**145.0**	185.7

2 Segmental analysis by class of business (continued)

(c) Net assets

	2001 £m	2000 £m
Regulated water and sewerage activities	**720.5**	1,116.5
Non-regulated activities	**17.1**	17.6
	737.6	1,134.1

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

3 Net operating costs

	Note	2001 Before Exceptional Items £m	2001 Exceptional items (Note4) £m	2001 Total £m
Staff costs	5(b)	47.0	-	47.0
Severance and redundancy costs		-	1.7	1.7
Depreciation:				
-Own assets		74.9	-	74.9
-Assets held under finance leases		10.8	-	10.8
Impairment of fixed assets		3.5	-	3.5
Research and development		0.2	-	0.2
Rentals under operating leases:				
-Hire of plant and equipment		8.3	-	8.3
-Other		0.2	-	0.2
Fees paid to auditors:				
-Audit services		0.1	-	0.1
-Other services		0.1	0.1	0.2
Other operating charges		165.8	10.0	175.8
Amortisation of grants and contributions	20	(1.4)	-	(1.4)
Own work capitalised		(13.5)	-	(13.5)
Net rents payable		2.2	-	2.2
		298.2	11.8	310.0

3 Net operating costs

	Note	2000 Before Exceptional Items £m	2000 Exceptional items (Note4) £m	2000 Total £m
Staff costs	5(b)	47.6	-	47.6
Severance and redundancy costs		-	14.1	14.1
Depreciation:				
-Own assets		70.3	-	70.3
-Assets held under finance leases		10.4	-	10.4
Research and development		0.3	-	0.3
Rentals under operating leases:				
-Hire of plant and equipment		8.1	-	8.1
-Other		0.2	-	0.2
Fees paid to auditors:				
-Audit services		0.1	-	0.1
-Other services		0.1	-	0.1
Other operating charges		170.2	20.0	190.2
Amortisation of grants and contributions	20	(1.3)	-	(1.3)
Own work capitalised		(15.1)	-	(15.1)
Net rents (receivable)		(0.1)	-	(0.1)
		290.8	34.1	324.9

4 Exceptional items

	2001 £m	2000 £m
By type of provision:		
Severance and redundancy costs	**1.7**	14.1
Bad debt provision	**-**	20.0
Refinancing Fees	**10.1**	-
	11.8	34.1

Following the acquisition of Hyder Limited (formerly Hyder plc), the company has provided for costs of redundancies for those employees whose job is no longer required .The effect of this exceptional item on the taxation charge for the year is £0.4m .
There have also been costs of an exceptional nature relating to bank fees and professional costs for the refinancing of Dwr Cymru. The effect of this exceptional item on the taxation charge for the year is £3.0m

5 Directors and employees

(a) Directors' emoluments

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

	2001 £'000	2000 £'000
Salary (including benefits in kind)	**462**	546
Fees	**29**	32
	491	578
Highest paid director:		
Aggregate emoluments	**137**	134
Accrued pension under defined benefit scheme	**52**	42

Retirement benefits are accruing to five directors (2000 - eight) under defined benefit schemes. No director has exercised share options in the company's intermediate parent company, Hyder Limited, during the year.

(b) Staff costs

	2001 £m	2000 £m
Wages and salaries	**35.3**	41.5
Social security costs	**2.9**	3.3
Pension costs (see Note 27)	**8.8**	2.8
	47.0	47.6

Of the above, £7.9m (2000 £9.2m) has been charged to capital.

(c) Average monthly number of employees during the year (including executive directors)

	2001 Number	2000 Number
Regulated water and sewerage activities	**1,476**	1,737

6 Interest payable

	2001 £m	2000 £m
On bank loans and overdrafts	**1.3**	1.2
On other loans	**56.7**	43.7
On finance leases	**12.1**	12.1
	70.1	57.0
Exceptional item:-Interest payments on early loan repayments	**23.6**	-
	93.7	57.0

Included in other loans are amounts payable to group undertakings of £29.3m (2000 £26.2m). The company has borne the cost of penalties due to early repayment of certain loans. The effect of this exceptional item on the taxation charge for the year is £7.1m.

7 Taxation

	2001 £m	2000 £m
Based on the results for the year:		
Group relief payable	**-**	8.3
	-	8.3
Prior year adjustments:		
Corporation tax receivable	**(4.6)**	(12.6)
Group relief payable	**-**	3.2
	(4.6)	(1.1)

The tax charge has been reduced by £18.2m (2000 £20.9m) in respect of excess tax allowances over depreciation and other timing differences, for which no provision is made.

8 Dividends

	2001 £m	2000 £m
(a) Dividends on ordinary shares		
Interim paid : Nil (2000 1.81p per share)	**-**	5.0
Final proposed : Nil (2000 3.62p per share)	**-**	10.0
	-	15.0

(b) Dividends on preference shares

	2001 £m	2000 £m
Paid on 7% preference shares	**14.0**	14.0

9 Tangible fixed assets

(a) analysis by type

	Freehold land and buildings	Infra-structure assets	Operational structures	Vehicles, plant, equipment and computer hardware & software	Total
	£m	£m	£m	£m	£m
Cost					
At 1 April 2000	48.4	1,190.2	1,485.8	181.3	2,905.7
Additions	0.4	108.0	95.6	4.2	208.2
Grants and contributions	-	(6.8)	-	-	(6.8)
Disposals	(4.1)	(1.0)	-	-	(5.1)
At 31 March 2001	**44.7**	**1,290.4**	**1,581.4**	**185.5**	**3,102.0**
Accumulated depreciation					
At 1 April 2000	16.0	274.1	347.2	124.1	761.4
Charge for the year	0.1	35.9	41.3	8.4	85.7
Impairment costs	3.5	-	-	-	3.5
Eliminated on disposals	(0.4)	(1.0)	-	-	(1.4)
At 31 March 2001	**19.2**	**309.0**	**388.5**	**132.5**	**849.2**
Net book value					
At 31 March 2001	**25.5**	**981.4**	**1,192.9**	**53.0**	**2,252.8**
At 31 March 2000	32.4	916.1	1,138.6	57.2	2,144.3
Analysis of net book value at 31 March 2001					
Owned	25.5	981.4	845.2	53.0	1,905.1
Held under finance leases	-	-	347.7	-	347.7
	25.5	**981.4**	**1,192.9**	**53.0**	**2,252.8**

Tangible fixed assets at 31 March 2001 include £316.7m (2000 £358.0m) of assets in the course of construction, which are not depreciated until commissioned.

During the year, the company entered into a conditional sale agreement of certain non operational land and buildings which is conditional on regulatory approval. The consideration of £19.5 million is based on independent valuations and has been reflected in the carrying value of fixed assets at 31 March 2001. The proceeds of the conditional sale are included in other creditors as at 31 March 2001.

9 Tangible fixed assets (continued)

(b) analysis by service

	Water Services £m	Sewerage Services £m	General £m	Total £m
Cost				
At 1 April 2000	1,207.8	1,528.7	169.2	2,905.7
Additions	78.5	125.5	4.2	208.2
Grants and contributions	(3.6)	(3.2)	-	(6.8)
Disposals	(0.6)	(0.4)	(4.1)	(5.1)
At 31 March 2001	**1,282.1**	**1,650.6**	**169.3**	**3,102.0**
Accumulated depreciation				
At 1 April 2000	312.1	338.2	111.1	761.4
Charge for the year	42.9	33.3	9.5	85.7
Impairment costs	1.8	1.7	-	3.5
Eliminated on disposals	(0.6)	(0.4)	(0.4)	(1.4)
At 31 March 2001	**356.2**	**372.8**	**120.2**	**849.2**
Net book value				
At 31 March 2001	**925.9**	**1,277.8**	**49.1**	**2,252.8**
At 31 March 2000	895.7	1,190.5	58.1	2,144.3
Analysis of net book value at 31 March 2001				
Owned	795.9	1,060.1	49.1	1,905.1
Held under finance leases	130.0	217.7	-	347.7
	925.9	**1,277.8**	**49.1**	**2,252.8**

9 Tangible fixed assets (continued)

(c) The accounting treatment for grants and customer contributions in respect of infrastructure assets is described in the principal accounting policies on page 10. 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 10 has been adopted in accordance with section 227(6) 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 and contributions on infrastructure assets as deferred income. The fixed assets to which they relate do not have determinable finite lives and therefore no basis exists for releasing any deferred income to the profit and loss account. As a consequence, the net book value of fixed assets and deferred income is £161.7m (2000 £154.9m) lower than it would have been had grants and contributions been treated as deferred income indefinitely.

10 Fixed asset investments

The company has £0.1m investments (2000 £0.1m) in the following entities all of whom are incorporated in Great Britain:-

Subsidiary	Nature of Business	Description of shares held	Proportion Held
Welsh Water Utilities Finance PLC	Investment Company	£1 ordinary shares	100%

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

The company's share in the joint venture in Hyder Utilities (Operations) Ltd was sold at cost during the financial year, to South Wales Electricity plc.

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

	2001 £m	2000 £m
Raw materials and consumables	1.3	3.3
Work in progress	0.2	0.5
	1.5	3.8

The replacement costs of stocks are not materially different from their carrying value.

12 Debtors

	2001 £m	2000 £m
Amounts falling due within one year:		
Trade debtors	34.6	35.6
Amounts owed by group undertakings	-	3.2
Other debtors	13.4	20.2
Prepayments and accrued income	24.2	29.8
	72.2	88.8
Amounts falling due after more than one year:		
Other debtors	0.1	0.1
	72.3	88.9

13 Current asset investments

(a) Management of liquid resources

	2001 £m	2000 £m
Investments in:		
Fixed term and call deposits-due within one year	69.0	37.8

Cash generated from operating activities and from long term loan drawdowns in advance of future capital expenditure obligations is invested on a daily basis by Hyder Limited under an agency agreement in money market investments. These investments include term deposits, government securities and corporate bonds and papers rated at not less than AA.

13 Current asset investments (continued)

(b) Interest rate swaps

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

14 Creditors

	Note	2001 £m	2000 £m
(a) Amounts falling due within one year:			
Bank loans and overdrafts		-	28.8
Other loans	15	**1,150.0**	8.1
Finance leases	16&31	**92.4**	-
Trade creditors		**108.7**	89.3
Amounts owed to group undertakings		**4.5**	110.8
Dividends payable		-	10.0
Other taxation and social security		**1.5**	1.2
Other creditors		**77.6**	61.6
		1,434.7	309.8

(b) Amounts falling due after more than one year

		2001 £m	2000 £m
Loans	15	**5.2**	197.9
Obligations under finance leases	16	**173.0**	265.4
Amounts owed to group undertakings		-	317.3
Other creditors - between one and five years		**0.5**	1.3
		178.7	781.9

All loans to group undertakings were repaid during the year.

15 Other loans

	2001 £m	2000 £m
Repayable as follows:		
Within one year	**1,150.0**	8.1
Between one and two years	**0.6**	8.1
Between two and five years	**1.6**	24.2
After more than five years	**3.0**	165.6
	1,155.2	206.0
Repayable wholly within five years	**1,149.4**	-
Repayable wholly after five years	-	140.0
Repayable by instalments of which some repayments are after five years	**5.8**	66.0
	1,155.2	206.0

Interest rates on these loans ranged between 5.85% and 10.15%. (2000 4.98% and 10.15%).

A number of loans were repaid during the year and were replaced with a short term bridging loan. This was repaid on 11 May 2001 as part of the financial re-organisation as described in Note 31.

16 Finance leases

	2001 £m	2000 £m
Amounts due under finance leases in less than five years	**92.4**	-
Amounts due under finance leases after more than five years	**173.0**	265.4
Total	**265.4**	265.4

A long dated interest rate swap was arranged on 1 April 1994 which has the effect of fixing the rate of interest at 7.8% on floating rate sterling finance lease obligations of £56.6m. This obligation reduces over a term of 13 years. As described in Note 31, one of the finance leases was repaid on 30 April 2001.

17 Capital commitments

	2001 £m	2000 £m
Contracted for but not provided in the financial statements	**72.4**	130.9

In order to meet additional quality and service standards, together with growth and new demands, the company has capital investment obligations over the next four years amounting to approximately £940.2 m at current prices in the regulated water and sewerage business.

18 Leasing commitments

	Land and buildings 2001 £m	Land and buildings 2000 £m	Other 2001 £m	Other 2000 £m
At 31 March 2001 there were revenue commitments, in the ordinary course of business in the next year for the payment of rentals on non cancellable operating leases expiring:				
within one year	-	-	**1.3**	-
between one and two years	-	-	**0.9**	-
between two and five years	-	0.1	**2.1**	-
after five years	**0.6**	0.1	**0.2**	-
	0.6	0.2	**4.5**	-
Due to group undertaking expiring:				
within one year	-	-	-	2.0
between one and two years	-	-	-	1.3
between two and five years	-	-	-	1.6
after five years	-	-	-	0.3
	-	-	-	5.2

Due to the contracting out of water operations to United Utilities Plc from 1 April 2001 and the sale of company cars to an external source, the rentals on operating leases will be of an external nature during the course of the next financial year.

19 Provisions for liabilities and charges

	Note	2001 £m	2000 £m
Deferred taxation	(a)	-	-
Restructuring provision	(b)	**6.0**	14.2
Contract management provision	(c)	**1.6**	-
Provision for uninsured losses	(d)	**1.5**	1.9
		9.1	16.1

(a) Deferred taxation

	Amount provided 2001 £m	Amount provided 2000 £m	Amount unprovided 2001 £m	Amount unprovided 2000 £m
Tax effect of timing differences:				
Excess of tax allowances over depreciation	-	-	**328.8**	310.3
Other timing differences	-	-	**(3.2)**	(3.4)
	-	-	**325.6**	306.9

(b) Restructuring provision

This provision is in respect of payments to be made relating to the restructuring of the business for the items below and will be utilised over the next twelve months except that the property provision will be utilised over the next seven years.

	2001 £m Severance	2001 £m Property	2001 £m Other	2001 £m Total
At 1 April	12.4	1.5	0.3	14.2
Charge to the profit and loss account	1.7	3.7	-	5.4
Utilised in the year	(13.3)	(0.1)	(0.2)	(13.6)
At 31 March	0.8	5.1	0.1	6.0

	2000 £m Severance	2000 £m Property	2000 £m Other	2000 £m Total
At 1 April	14.7	5.4	-	20.1
Charge to the profit and loss account	14.1	0.6	0.3	15.0
Utilised in the year	(16.4)	(4.5)	-	(20.9)
At 31 March	12.4	1.5	0.3	14.2

(c) Management contract provision

This provision is in respect of expected costs of terminating sewerage management contracts on 31 March 2001 and the TUPE arrangements of the employees within that contract. It is anticipated that the provision will be utilised over the next twelve months.

	2001 £m	2000 £m
At 1 April	-	-
Charge for the year	1.6	-
At 31 March	1.6	-

(d) Provision for uninsured losses

This provision is in respect of uninsured losses and its utilisation period is uncertain due to the nature of insurance claims.

	2001 £m	2000 £m
At 1 April	1.9	0.9
Charge for the year	0.1	1.5
Utilised in the year	(0.5)	(0.5)
At 31 March	1.5	1.9

20 Deferred Income

This is in respect of income received and receivable upon completion of assets under construction and will be utilised over the lifetime of those assets.

	2001 £m	2000 £m
At 1 April	**40.3**	40.3
Received and receivable during the year	**0.5**	1.3
Released to profit and loss account	**(1.4)**	(1.3)
At 31 March	**39.4**	40.3

21 Called up share capital

	2001 £m	2000 £m
Authorised:		
301,050,000 ordinary shares of £1 each (2000 301,050,000)	**301.1**	301.1
200,000,000 7% preference shares of £1 each (2000 200,000,000)	**200.0**	200.0
	501.1	501.1
Allotted, called up and fully paid:		
109,876,374 ordinary shares of £1 each (2000 276,050,000)	**109.9**	276.1
200,000,000 7% preference shares of £1 each (2000 200,000,000)	**200.0**	200.0
	309.9	476.1

The 7% cumulative preference shares carry a fixed cumulative preference dividend at the rate of 7% per annum, payable ½ yearly in arrears on 31 March and 30 September. The shares have no redemption entitlement. On a winding up, the holders have priority before all other classes of shares to receive repayment of capital plus any arrears of dividend. The holders have no voting rights unless the dividend is in arrears by 6 months or more.

Shares repurchased during the year	**Nominal £m**	**Consideration £m**
166,173,626 ordinary shares of £1 each (2000 Nil)	**166.2**	**428.7**

As part of the financial re-organisation of the company on 17 January 2001, the company purchased, and subsequently cancelled, 166.2 m ordinary shares of £1 each at an average price of 258 pence per share. This purchase represented 60% of the called up ordinary share capital at that date.The total purchase cost was £428.7m, which has been charged against distributable reserves.

22 Reserves

	2001 Profit and Loss Account £m	2001 Capital Redemption Reserve £m	2000 Profit and Loss Account £m
At 1 April	**658.0**	-	587.9
Profit retained for the year	**32.2**	-	70.1
Premium on purchase of own shares	**(262.5)**	-	-
Transfer (see Note 21)	**(166.2)**	**166.2**	-
At 31 March	**261.5**	**166.2**	658.0

23 Cash flow from operating activities

	2001 £m	2000 £m
Operating profit	**132.9**	152.0
Depreciation of tangible fixed assets	**85.7**	80.7
Impairment losses on fixed assets	**3.5**	1.6
Amortisation of grants and contributions	**(1.4)**	(1.3)
(Decrease)/increase in provision for uninsured losses	**(0.4)**	1.0
Net decrease in stock	**2.3**	2.2
Net decrease in debtors	**13.0**	18.3
Net increase in creditors	**30.1**	4.7
Decrease in restructuring provisions	**(6.6)**	(5.9)
Cash flow from operating activities	**259.1**	253.3

24 Reconciliation of net cash flow to movement in net debt

	2001 £m	2000 £m
Increase in cash in the year	**25.3**	2.2
Cash outflow/(inflow) from management of liquid resources	**31.2**	(34.1)
Cash inflow from increase in debt and lease financing	**(531.9)**	(63.7)
Increase in net debt in the year	**(475.4)**	(95.6)
Net debt at 1 April	**(872.4)**	(776.8)
Net debt at 31 March	**(1,347.8)**	(872.4)

25 Analysis of net debt

	At 1 April 2000 £m	Cash Flow £m	At 31 March 2001 £m
Net cash:			
Cash at bank and in hand	7.3	(3.5)	**3.8**
Bank overdraft	(28.8)	28.8	**-**
	(21.5)	25.3	**3.8**
Liquid resources:			
Current asset investments	37.8	31.2	**69.0**
Debt:			
Finance leases	(265.4)	-	**(265.4)**
Debts falling due within one year	(108.1)	(1,041.9)	**(1,150.0)**
Debts falling due after one year	(515.2)	510.0	**(5.2)**
	(888.7)	(531.9)	**(1,420.6)**
Net debt	(872.4)	(475.4)	**(1,347.8)**

26 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.

27 Pension schemes

The company participates in a number of pension schemes in the UK. The assets of each pension scheme are held separately from the assets of the group and are administered by trustees. The principal schemes are defined benefit schemes in the UK - the Hyder Water Pension Scheme (HWPS), and the Water Mirror Image Pension Scheme (WMIS).

The pension cost under the Statement of Standard Accounting Practice No. 24 "Accounting for Pension Costs" for the HWPS and WMIS has been assessed in accordance with the advice of William M. Mercer Limited, consulting actuaries, using the projected unit method for HWPS and the attained age method for WMIS. For funding purposes the main actuarial assumptions used are based upon investment growth of 6.5% per annum, pay growth of 4.5% per annum and increases to pensions in payment and deferred pensions of 3% per annum. The actuarial value of the assets was 88% of the market value of the assets as at 31 March 1998.

27 Pension schemes (continued)

The last actuarial valuations for HWPS and WMIS were carried out as at 31 March 1998 with the market values being £324.6m and £99.9m respectively. Using the assumptions adopted for the Statement of Standard Accounting Practice No. 24 "Accounting for Pension Costs", the actuarial value of assets represented 113% for HWPS and 118% for WMIS of the value of the accrued benefits after allowing for expected future earnings increases. In deriving the pension cost under SSAP24 the surpluses in HWPS and WMIS are spread over the future working lifetime of employees. However, a prepayment of pension costs (2000 £5.1m) is no longer included within prepayments and accrued income (note 12) and has been written off through the profit and loss account, following the outsourcing of various operations with effect from 1 April 2000, as the company will have no ongoing pension liabilities or the ability to use the surplus arising in respect of those employees who have transferred to the new service providers.

The total pension cost for the period was £8.8m (2000 £2.8m) of which £6.25m relates to the write off of the prepayment noted above.

28 Contingent liabilities

The company no longer needs to provide guarantees in respect of the principal and interest payments relating to Eurobonds issued by its subsidiary undertaking, Welsh Water Utilities Finance PLC, following repayment of these Eurobonds on 17 January 2001 and 19 February 2001.

The company is still a participant in a cash pooling arrangement operated by National Westminster Bank Plc in the United Kingdom. The company has guaranteed the bank overdraft balances of the participating companies subject to a maximum amount equal to the company's own cash balance with the bank. At 31 March 2001 the overdraft of the companies in the cash pooling arrangement amounted to £9.5m (2000 £29.9m).

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 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 Limited.

31 Post balance sheet events

As at 31 March 2001, the entire share capital of the Company was owned by Dwr Cymru (Holdings) Limited ("Holdings"), a subsidiary of WPD Limited .

On 11 May 2001, pursuant to a share purchase agreement dated 5 February 2001, the entire ordinary share capital of Holdings was acquired by Glas Cymru (Securities) Cyfyngedig ("Securities").

Immediately prior to the acquisition , Dwr Cymru (Financing) Limited, a wholly owned subsidiary of Dwr Cymru (Holdings) Limited, completed a £1,910 million asset-backed bond issue, the proceeds of which were on-lent to Dwr Cymru Cyfyngedig under an inter company loan agreement. The purpose of the bond issue was to facilitate the refinancing of the company, including repayment of short term bridging loans and the repayment of a finance lease and the future financing of its operating and capital requirements.

The structure of the company has also altered in that the day to day operations of Dwr Cymru Cyfyngedig have been outsourced to United Utilities and Thames Water.

As a result of the above described events, the financial results for the company in the year to 31 March 2001 will have limited comparability with future financial results of the company.

32 Immediate and Ultimate holding company

The company's immediate parent company is Dwr Cymru (Holdings) Limited, which is registered in England and Wales.

As at 31 March 2001, the ultimate controlling parties were Mirant Corporation and PPL Corporation, both registered in the United States, who have equal control of WPD Investment Holdings Limited, the ultimate UK parent company.

The smallest group and largest group within which the results of this company are consolidated is headed by Hyder Limited. Copies of the accounts of Hyder Limited can be obtained from the company secretary at Hyder Limited PO Box 295 Alexandra Gate Rover Way Cardiff CF24 5UE.

Subsequent to 31 March 2001, pursuant to the events described in Note 31, upon the acquisition of the Company's immediate parent on 11 May 2001, the ultimate holding company and controlling party is Glas Cymru Cyfyngedig, which is registered in England and Wales.

Five year summary

	Year ended 31 March				
	2001	2000	1999	1998	1997
	£m	£m	£m	£m	£m
Turnover	**442.9**	476.9	459.3	444.2	428.5
Operating profit	**132.9**	152.0	166.4	149.7	168.3
(Loss)/Profit on disposal of fixed assets	(0.3)	0.3	0.5	1.6	0.9
Profit on ordinary activities before interest and taxation	**132.6**	152.3	166.9	151.3	169.2
Net interest payable	**(91.0)**	(54.3)	(51.9)	(36.2)	(20.2)
Profit on ordinary activities before taxation	**41.6**	98.0	115.0	115.1	149.0
Taxation	**4.6**	1.1	(8.9)	(9.1)	(2.0)
Profit on ordinary activities after taxation	**46.2**	99.1	106.1	106.0	147.0
Preference dividends	**(14.0)**	(14.0)	(14.0)	(7.0)	-
Ordinary dividends	**-**	(15.0)	(44.0)	(434.0)	(79.0)
Retained profit/(loss) for the year	**32.2**	70.1	48.1	(335.0)	68.0
Fixed assets	**2,252.9**	2,144.4	1,980.7	1,796.3	1,606.6
Net current liabilities	**(1,288.1)**	(172.0)	(62.6)	26.7	55.0
Total assets less current liabilities	**964.8**	1,972.4	1,918.1	1,823.0	1,661.6
Creditors: amounts falling due after more than one year	**(178.7)**	(781.9)	(792.8)	(735.7)	(449.9)
Provisions for liabilities and charges	**(9.1)**	(16.1)	(21.0)	(31.0)	(23.8)
Deferred income	**(39.4)**	(40.3)	(40.3)	(40.4)	(37.0)
Net assets	**737.6**	1,134.1	1,064.0	1,015.9	1,150.9
Capital and reserves					
Called up share capital	**309.9**	476.1	476.1	476.1	276.1
Capital redemption reserve	**166.2**	-	-	-	-
Profit and loss account	**261.5**	658.0	587.9	539.8	874.8
Equity shareholder's funds	**537.6**	934.1	864.0	815.9	1,150.9
Non-equity shareholders' funds	**200.0**	200.0	200.0	200.0	-
Total shareholders' funds	**737.6**	1,134.1	1,064.0	1,015.9	1,150.9