

Front and back covers



Shaded area shows part of the telemetry network which operates extensively throughout the Anglian region - our 3,820 outstations make us one of Europe's major users. Telemetry facilitates automatic monitoring and control of our installations.

Key

Regional office

Divisional office

Area office

District office

Sewage treatment works,
water treatment works and
related pumping stations

Laboratory

≡ System link lines

Through our commitment to quality, reliability and value we aim to provide:

For shareholders – a dividend and earnings progression which reflects growth through enterprise.

For customers – services at a fair charge taking full account of their requirement for, and our commitment to, quality and the environment.

For employees – a business in which commitment brings job fulfilment and fair reward.

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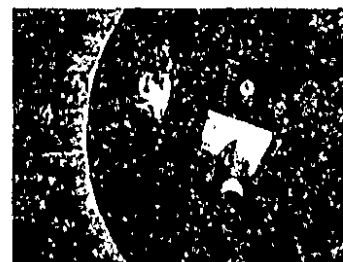
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Financial Highlights

- ▣ Profit before tax of £152.6m up 10% on 1990*
- ▣ Earnings per share of 45.9p up 9% on 1990*
- ▣ Full Year Dividend of 17.5p per share up 14% on 1990*
- ▣ Investment expenditure of £229m up 19% on 1990 and in line with our expectations.

*Pro-forma basis

Historic cost values	1991 £m	1990 £m	1990 pro-forma £m
Turnover	460.6	401.3	401.3
Operating Profit	170.4	154.7	154.7
Profit on Ordinary Activities before Taxation	152.6	86.1	139.0
Profit attributable to Shareholders	135.4	68.4	116.3
Investment Expenditure	229.3	192.0	-
Shareholders' Funds	1,212.6	1,134.4	-
Earnings per Ordinary Share	45.9p	-	42.1p
Dividend per Ordinary Share	17.5p	-	15.3p
Dividend Cover	2.6	-	2.7



Zonal metering – part of the system of demand management in the water supply network.

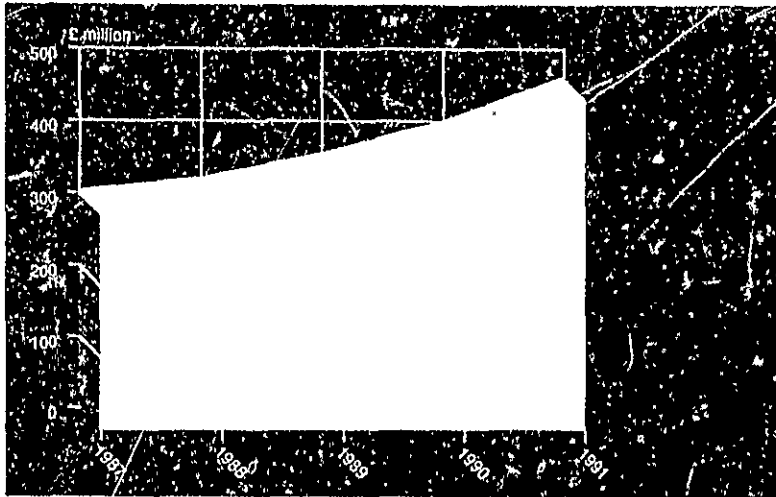


A water main repair – a routine part of our day to day operations.

Financial Calendar

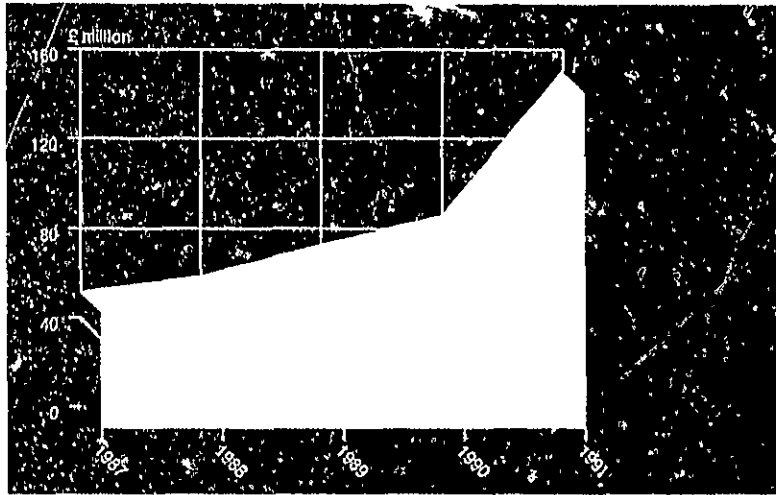
Annual General Meeting	31 July 1991
Announcement of Results	
Interim for the half year to 30 September 1991	Late November 1991
Preliminary announcement for the year to 31 March 1992	Mid June 1992
Report and Accounts to 31 March 1992	Early July 1992
Dividend Payments	
1991 Final Dividend	1 October 1991
1992 Interim Dividend	Early March 1992

Group turnover



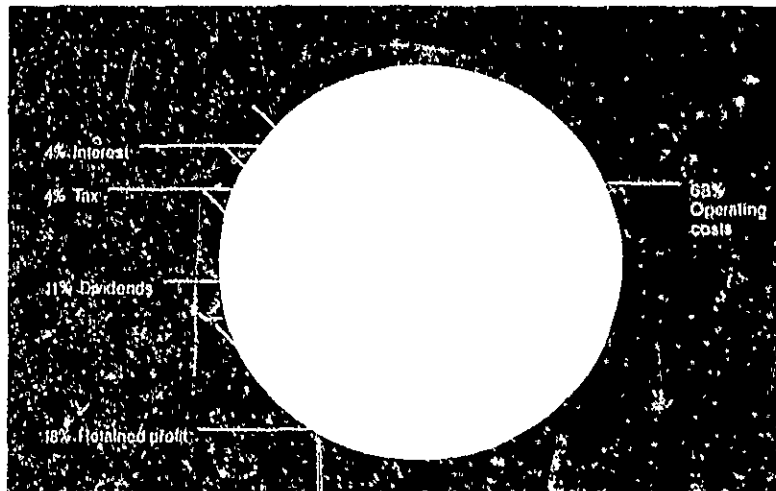
Group profit before tax

(Profits for 1991 reflect the first full year under the present capital structure. This profit should not be regarded as comparable with past, or indicative of future trends.)



Analysis of 1991 profit and loss account - how the turnover is utilised.

(Retained profit has been utilised to help finance the capital programme.)



Chairman's Statement

It gives me great pleasure to report to you that Anglian Water's first full year since privatisation was highly successful; turnover was some £461m, profit before tax was £152.6m and we are well on course with our investment programme. Our position as one of the UK's leading companies has been reinforced by our entry into the FT-SE 100 Index.

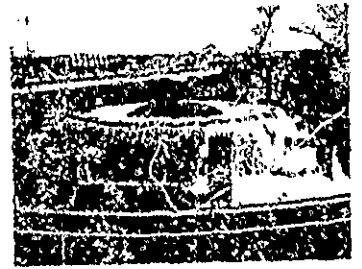
We are proposing a final dividend of 11.7p per ordinary share which together with an interim of 5.8p already paid in March gives a total for the year of 17.5p. If approved by the Annual General Meeting the final dividend will be paid on 1 October 1991. The total dividend for the year represents an increase of 14% on the pro-forma full year dividend for 1990. We intend to pursue a progressive dividend policy.

A key task is the implementation of our capital investment programme (running on average at almost £6m per week during 1991/92) which will bring about improvements in standards and facilitate compliance with relevant UK and EC requirements. It will mean that we continue to be a major investor in the environment in eastern England.

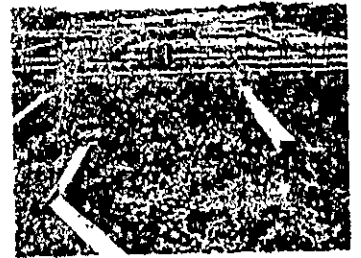
I would like to thank my board colleagues for their hard work during the year. In January we welcomed two new Non Executive Directors, Richard Jewson and Sinclair Thomson, who bring a wealth of commercial experience which will yield undoubted benefits to the Company. In addition, I would express my sincere appreciation to our employees; their dedication, commitment and professionalism have been central to our achievements.

Having consolidated on a successful start, we are now in a strong position to achieve our investment, customer service and profitability objectives. This confidence flows from our achievements to date, technological advances and the professionalism of our employees. These factors, supported by the underlying trend of growth in the Anglian region, lead me to believe that the Company is well placed to build on its strengths for the future benefit of shareholders, customers and employees.

Bernard Henderson CBE



Part of the water treatment process at Gratham works



Extended aeration providing part of the sewage treatment process at Heacham.

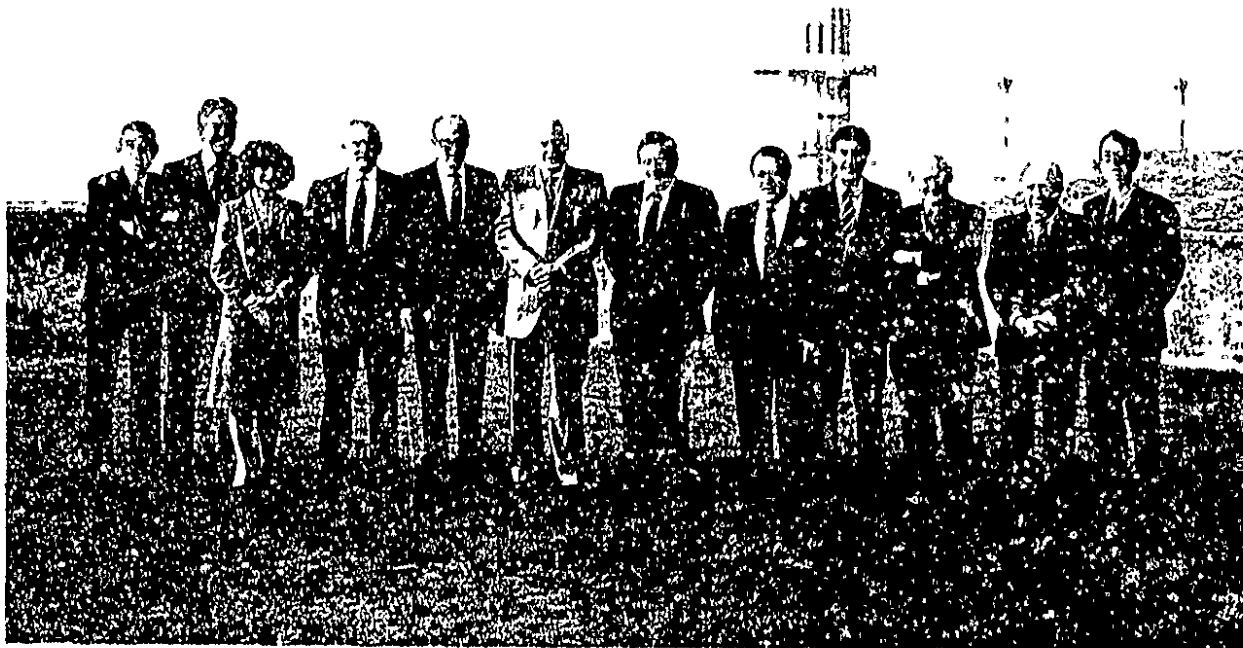


Newbourne Springs nature reserve where we have opened a visitor centre in partnership with the Suffolk Wildlife Trust



Chairman Bernard Henderson (right) discusses progress on the £1.2m extensions to Huntingdon sewage treatment works with resident engineer Michael Clack.

Board of Directors



The Board of Anglian Water (from left) Frank Sinclair Thomson, Richard Jewson, Alison Abbey, John Simpson, Francis Cator, Bernard Henderson, Alan Smith, Andrew Semple, Chris Mellor, Dr. John Bradfield, John Boodle, and the Earl of Cranbrook.

Bernard Henderson CBE (62)

Chairman, Anglian Water Plc and Anglian Water Authority (1981 to date); Director, Water Research Centre Plc (1989 to date), Chairman, Water Research Centre (1983-1989); formerly Chief Executive, Henderson Group Plc

Francis Cator FCA (82)

Deputy Chairman, Anglian Water Plc and Anglian Water Authority (1988 to date); A Vice Chairman, Norwich Union Insurance Group, Director, Portsmouth and Sunderland Newspapers Plc, Chairman, Norfolk Naturalists' Trust and Jubilee Sailing Trust; Joint Vice Chairman, J. Henry Schroder Wagg & Company Ltd (1979-1987)

Andrew Semple MA (57)

Vice Chairman, Anglian Water Plc (1990 to date), Managing Director, Anglian Water Plc and Anglian Water Authority (1987 to 1990); Secretary, Water Authorities Association (1983-1987), Principal Finance Officer, Property Services Agency (1980-1983), Under Secretary, Department of the Environment Water Directorate (1976-1980).

Alan Smith IPFA (48)

Group Managing Director, Anglian Water Plc (1990 to date); Deputy Group Managing Director and Director of Finance, Anglian Water Plc and Anglian Water Authority (1989-1990); Director of Finance, Anglian Water Authority (1980-1989); Assistant Director of Finance, Southern Water Authority (1975-1980).

John Simpson MA MIWEM (52)

Group Operations Director, Anglian Water Plc and Managing Director, Anglian Water Services Limited (1989 to date); Director of Operations, Anglian Water Authority (1988-1989); General Manager, Norwich Division (1982-1986), Divisional Manager, Water (1980-1982); British Gas (1971-1980).

Chris Mellor IPFA (42)

Group Finance Director, Anglian Water Plc (1990 to date), Head of Finance and Planning, Anglian Water Plc and Anglian Water Authority (1988-1990); Principal Accountant (1985-1988) and Senior Accountant (1979-1985), Anglian Water Authority

Alison Abbey BA (40)

Non Executive Director, Anglian Water Plc (1989 to date); Member, Anglian Water Authority (1983-1989); General Manager, Agricultural Division, William H. Brown Ltd (1990 to date), Director, Community Council for Hertfordshire (1981-1987); Council Member, Fenland Archaeological Trust.

John Boodle MA (64)

Non Executive Director, Anglian Water Plc (1989 to date), Member Anglian Water Authority (1978 to 1989); Managing Director, British Fermentation Products Ltd; Director, GR Spinks and Co Ltd, Member, CBI Anglian Environment Committee (1974 to date) and Chairman from 1986; Member, Industrial Relations Board of Chemical Industries Association (1976 to date)

Dr John Bradfield CBE MA PhD (66)

Non Executive Director, Anglian Water Plc (1989 to date), Member Anglian Water Authority (1975-1989), *Senior Bursar of Trinity College, Cambridge*; Director, Cambridge Water Company, Cambridge Building Society, Biotechnology Investments, Chairman, Abbotstone Agricultural Property Unit Trust, Walton Farms; Founder and Manager, Cambridge Science Park

The Earl of Cranbrook MA PhD (57)

Non Executive Director, Anglian Water Plc (1989 to date); Member, Anglian Water Authority (1987-1989); Chairman, English Nature (Nature Conservancy Council for England); Member, the Royal Commission on Environmental Pollution, Broads Authority and Harwich Haven Authority; President, Suffolk Wildlife Trust and Suffolk Naturalists' Society.

Richard Jewson MA (46)

Non Executive Director, Anglian Water Plc (1991); Deputy Chairman and Group Managing Director, Meyer International Plc, Non Executive Director, Eastern Counties Newspaper Group (1982 to date), Council Member, University of East Anglia (1980 to date)

Frank Sinclair Thomson (48)

Non Executive Director, Anglian Water Plc (1991), Chief Executive Hepworth Plc (1986 to date); *Président Directeur Général Saunier Duval Eau Chaud Chauffage* (1991)

Senior Managers

Anglian Water Plc Annual Report - 1991



Pat Gleeson (Regional Personnel Manager, AWS), Mike Allen (Finance Manager, E & BS), David Garside (Planning & Regulation Manager, AWS), Malcolm Raymer (Eastern Divisional Manager, AWS), Martin Smith (Group Chief Accountant, AWS), and John Smith (Regional Services Director, AWS)



Andy Field (Head of Financial Planning, AWS), Bob Wilson (Head of Internal Audit, AWS), Bob Bateman (Computer Services Manager, E & BS), Bob Price (Quality Standards Manager, AWS), Peter Jarvis (Exchequer Services Manager, E & BS), and Terry Bolongaro (Senior Executive, Pensions and Financial Services, AWS)



Michael Chesshire (Vice Chairman, FG); Fiona MacNeil (Head of Public Relations, AWS), John Sansby (Southern Divisional Manager, AWS); Roy Pointer (Northern Divisional Manager, AWS), David Latham (Director of Corporate Planning, AWS), and Peter Matthews (Director of Quality, AWS)



Mike Biss (Engineering Services Manager, E & BS); Jim Adams (Managing Director, E & BS); John Green (Director of Water Services, AWS); Peter Howarth (Director of Finance, AWS); Jackie Fox (Acting Company Secretary, AWS); and Malcolm Gibb (Western Divisional Manager, AWS)

Key:

Plc - Anglian Water Plc.

AWS - Anglian Water Services Limited

E & BS - Anglian Water Engineering and Business Systems Limited.

FG - Farm Gas Limited.

Advisers

Merchant Bank

J Henry Schroder Wagg & Company Ltd, 120 Cheapside, London EC2V 6DS

Auditors

Price Waterhouse, Livery House, 169 Edmund Street, Birmingham B3 2JB

Public Relations

Citigate Communications Limited, 7 Birchlin Lane, London EC3V 9BY

Registrars

Lloyds Bank Plc, Registrars Department, 54 Perchore Road South, Birmingham B30 3E4

Solicitors

Herbert Smith, Exchange House, Primrose Street, London EC2A 2HS

Brokers

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

Allied Provincial Securities Ltd, Trinity Court, Trinity Street, Peterborough PE1 1DA

Principal Bankers

Barclays Bank Plc, 1 Market Hill, Huntingdon, Cambridgeshire PE18 6AE

Managing Director's Report

I am delighted with our first full year's results. Turnover (£460.6m) increased by 14.8% and net profit before tax was £152.6m. Earnings per share of 45.9p showed a 9% increase on the 1990 pro-forma (42.1p). The profit performance reflects our strong income base and tight control of costs. We have increased operating costs and manpower numbers, as anticipated when the price control limits were agreed with the Government, to improve the levels of service to customers and to enable us to work to the much higher standards which we are now seeking to achieve. The results of this effort in terms of improved compliance are very encouraging. Inflation and the full year impact of operating as a Plc also contributed to the higher operating costs. All our costs will continue to remain under close scrutiny and control.

To finance our activities more effectively we undertook a number of major borrowing initiatives and we were the first of the water and sewerage companies to access the public debt markets. In July we issued £100m index linked loan stock repayable in 2008, and in January we issued a £100m fixed rate bond repayable in 2014. Both of these issues were well received by the market and were fully subscribed. During the year we obtained excellent credit ratings from two major international agencies and this has enabled us to borrow on more favourable terms and expand our access to capital markets.

The pricing formula agreed at the time of flotation provides for increases in charges of 5.5% above RPI and the resulting profit growth will enable us to finance our investment programme. Profits of £83.8m for 1990/91 were retained to help finance our capital programme, thereby reducing future borrowing and interest charges.



Mallby to Mumby; one of many mainlaying schemes undertaken to secure water supplies across our region



Inspector, David Warwick testing water quality at a customer's tap.

Focus

We continue to focus on our core water and sewerage business whilst seeking complementary businesses close to the areas we know best.



Group Managing Director - Alan Smith.

Managing Director's Report

A key task continues to be the successful implementation of the massive capital investment programme which is being undertaken to secure improvements in water services in line with EC and UK Government requirements. Whilst these will benefit our customers and the environment in which they live, there is a price to be paid - higher charges.

In line with our plans, 1990/91 has seen the successful completion of the first phase of this programme. Sewage treatment investment has brought 47 works up to a standard to enable them to comply with their effluent discharge consents. This investment will continue with a view to completion of improvements at a further 161 works subject to time limited consents by 1992/93. In addition, investment to improve drinking water quality was undertaken at 23 water treatment works.

Overall, the level of investment expenditure will be increasing significantly in the coming years (doubling in real terms by 1996), but the measures which we have taken during the year and the practical profile of our investment over the next 4 years reinforces our confidence that we will successfully complete the programme.

Our core business activities are subject to economic, environmental and qualitative regulation by OFWAT*, the National Rivers Authority, the Drinking Water Inspectorate and the Inspectorate of Pollution. Whilst we welcome environmental and quality improvements, we are concerned about the charges our customers are asked to pay. We therefore endorse the OFWAT view that costs and benefits need to be carefully considered before standards are revised. It will become increasingly important for a consistent approach to be adopted by our regulators, together with clear and timely decisions on what is needed, if we are to achieve the various improvements by the due dates whilst ensuring value for money.

To underline our commitment to customers, we have taken steps to ensure that quality and levels of service continue to improve and at the same time provide excellent value. Throughout 1990/91 our services, which are supplied 24 hours a day, 365 days a year, have cost our average domestic customer only 48p a day - equivalent to the price of a loaf of bread or 1/2 pint of beer - this we believe represents real value for money.

*Office of Water Services.



Construction at Dunstable sewage treatment works. Part of a £10m investment to improve services.

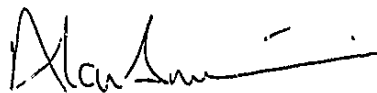


Activated Sludge Plant at Dunton (Beds.) - a modular design concept offering an economic form of construction for sewage treatment plants serving smaller rural locations

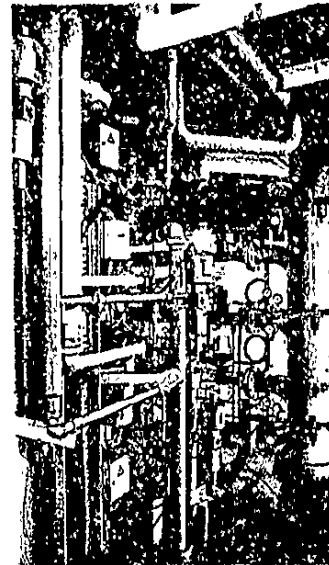
The period from August 1988 to March 1991 was the longest continuous period of below average rainfall since records began in 1899. The continuous development of new resources and improvements to our distribution systems have enabled us to maintain supplies to the great majority of our customers, even though we are currently supplying some 30% more water than we were at the time of the last major drought in 1976. Since the winter of 1989 we have brought forward £25m worth of schemes, but despite this work, the very dry winter of 1990/91 has necessitated the implementation of further restrictions. We are asking for continued restraint in the use of water by our customers.

Whilst we remain committed to the success of the core business we have continued to pursue opportunities for diversification where synergy with core activity exists. In July 1990 we acquired the whole of the issued share capital of Farm Gas Limited. This acquisition has opened opportunities for access into markets for the treatment of sewage sludge and abattoir waste. We intend to develop the company in order to procure an increasing share of this expanding market.

We have made considerable progress but there is much to do in securing the improved standards and achieving the objectives which we have set ourselves. The sound base which has been established gives me confidence that we are on course and should ensure that we maintain our position as a leading company within the sector, providing a quality service to our customers and progressive returns for our investors.



Alan Smith



The carbon regeneration plant at Gralham - the use of granular activated carbon is in the forefront of technological development in water treatment.

Operational Facts at a Glance

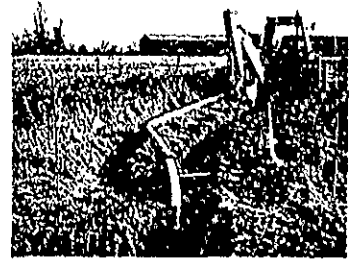
■ Anglian Water provides water and sewerage services across the region 24 hours a day, 365 days a year – at a cost to the average domestic customer of only 48p per day during 1990/91.

		For the year ended 31 March 1991
Area		27,500 sq km*
Population in Area		5.6 million*
Water Services	Water supplied	1,230 million litres on average per day
	Water Treatment Works	167
	Length of Water Mains	32,000 km
	Number of Water Quality samples tested	187,000
	Number of new connections	19,700
Sewerage Services	Sewage Treatment Works	1,082
	Length of Sewers	27,900 km
	Number of new connections	26,000
	Number of Sewage samples tested	116,000
Employees	Average numbers employed	4,663

*Some customers in the Anglian area are supplied with water services by other companies



On average, our 167 water treatment works put into supply over 14,000 litres per second.



Our water mains would stretch from Land's End to John O'Groats about 23 times.

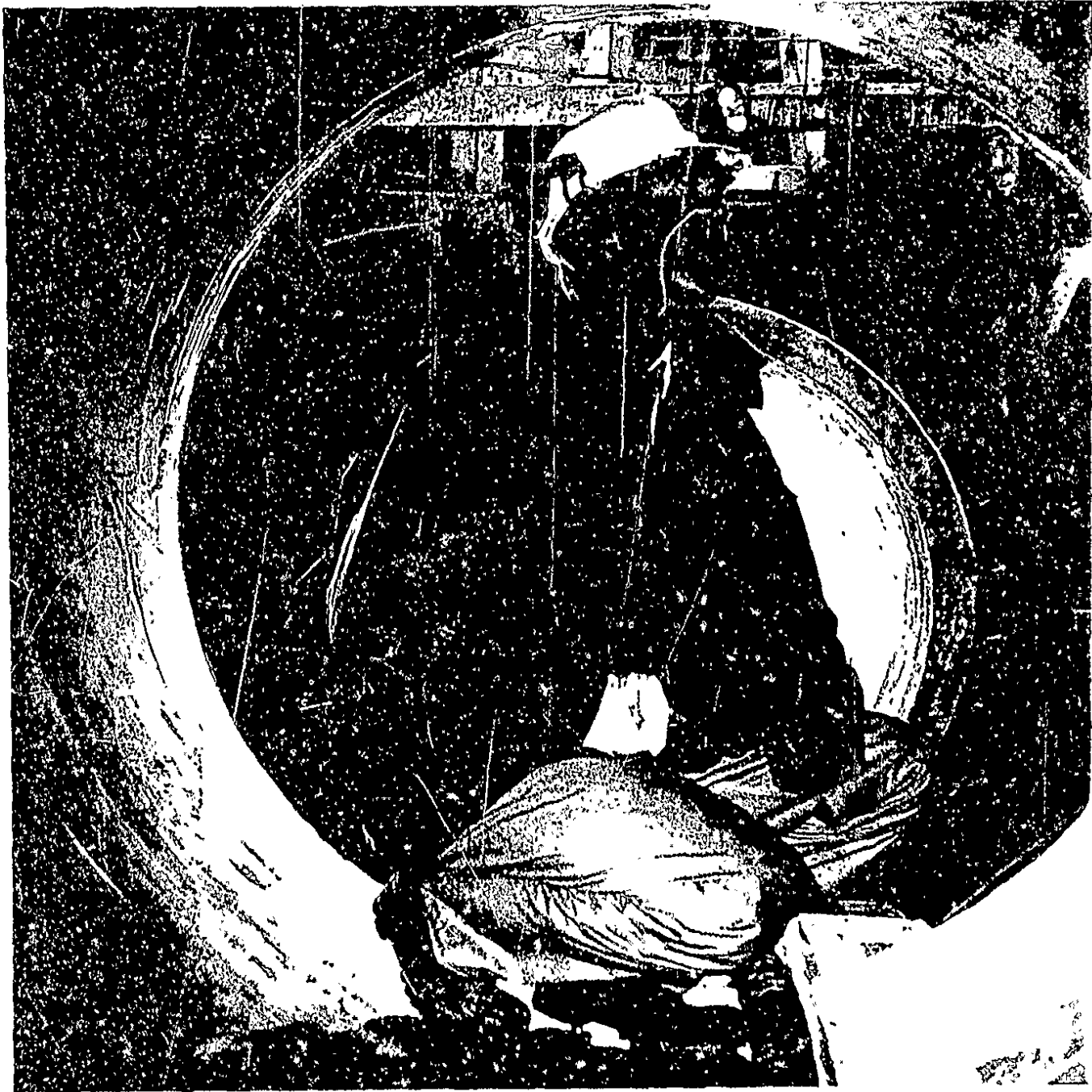
Management

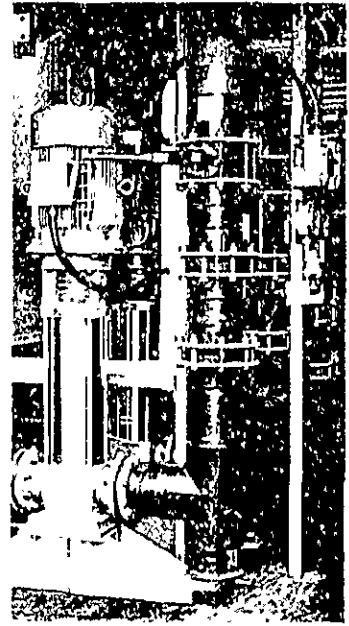
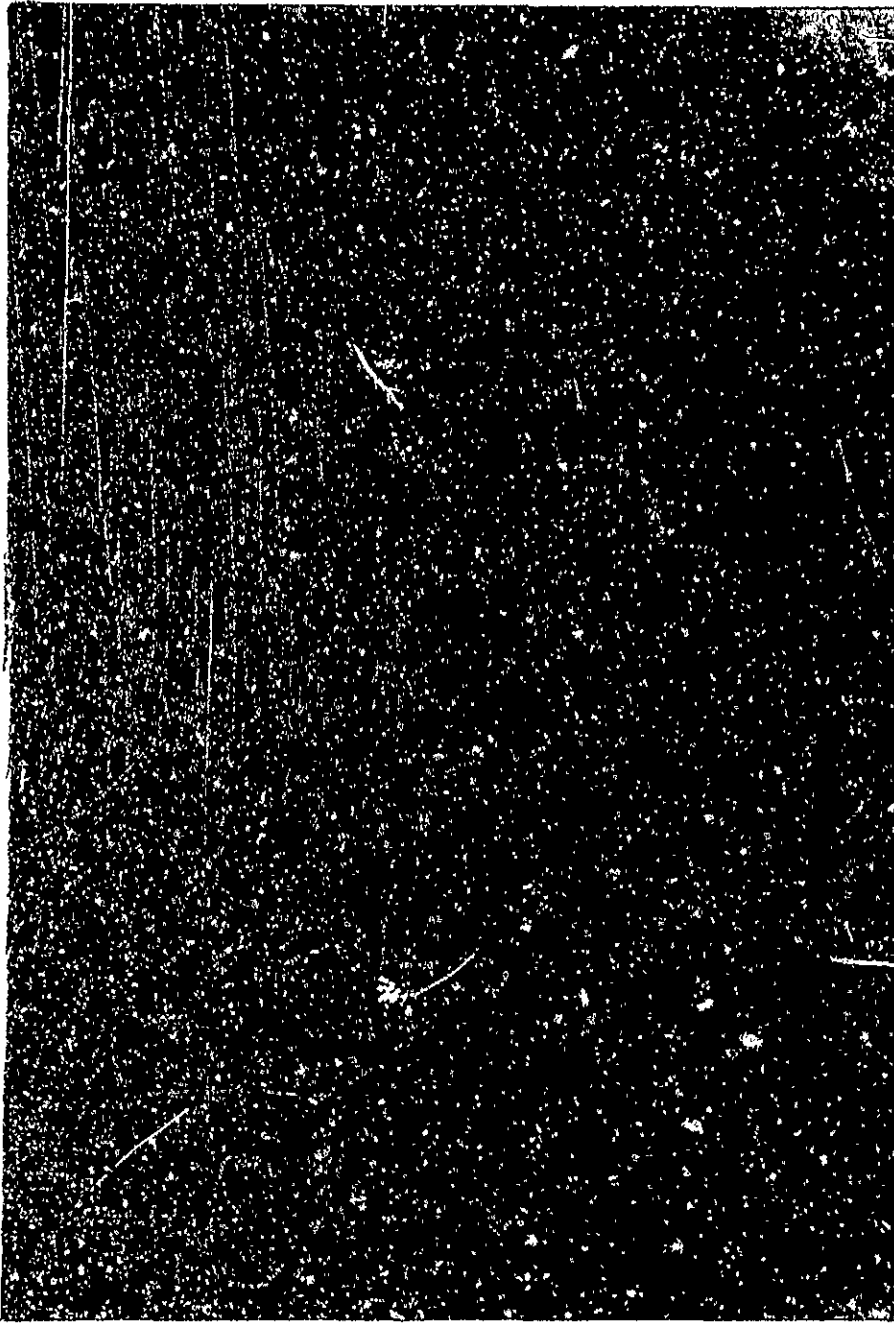
We will concentrate on the investment programme, the tight control of costs and ensuring that the objectives of quality, service and care are met.



A reproduction based on a satellite photograph of the area of eastern England covered by Anglian Water – geographically the largest of the 10 water and sewerage companies

Directors' Report - Investment





Water treatment plant, 1991, at a factory for the production of water.

Testing of a new pipe for a part of a £12m sewerage scheme in the Throck district.

Investment

Doubling our investment programme over the next five years.

Investment

Achievements in 1990/91

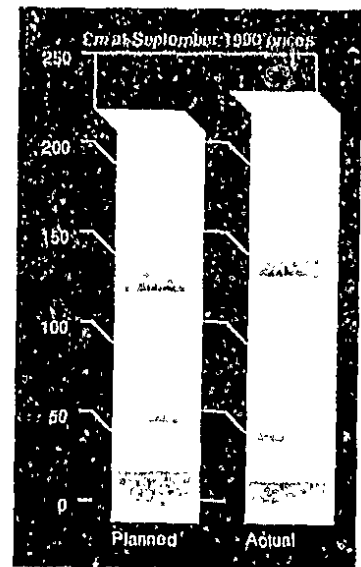
We regard the investment programme as central to the achievement of our corporate objectives. It is targeted at enabling us to comply with the standards and obligations of our water and sewerage business. The management of the programme has been given the highest priority and has resulted in the successful completion of the first stage of our ten year plan.

During the year our programme of investment covered some 1,250 schemes, the value of the work done being around £229m, equivalent to £41 per head of population in the Anglian area. This level of spending was in line with our forecasts and reinforces our confidence in achieving the anticipated investment requirements over the course of the coming years.

A total of 281 schemes were started during the year, an average of 5½ each week, and 230 were completed. Work has been carried out throughout the Anglian region, the type of work varying from area to area dependent upon local conditions and investment needs. Projects have varied considerably in size from under £10,000 to as much as £21m but on average the value amounted to almost a million pounds. Total movements in fixed assets are disclosed on page 42.

A major priority has been the continuation of work to effect improvements in order to meet effluent consent standards. Around £78m has been spent on 206 schemes in this respect. This is all part of our sewage treatment programme, the major schemes of which are at Whittingham for Norwich (£21m), Tilbury (£18m), Cotton Valley for Milton Keynes (£14m), Dunstable (£10m), Canwick for Lincoln (£4m), Colchester (£4m), Letchworth (£3m) and Downham Market (£2m). Privatisation has enabled us to employ the people needed to improve the operational effectiveness of our works. By this means and through investment solutions, our results show that many more of our works are now capable of meeting their consents.

We continued to receive requisitions for first time sewerage schemes in rural areas. Major schemes were at Docking, Norfolk (£2.5m), Arrington and Croydon, Cambs. (£0.9m), Sandon, Herts. (£0.7m), Heveningham, Huntingfield and Cratfield, Suffolk (£0.6m), Hatley and Hatley St. George, Cambs. (£0.6m) and Leake Commonside, Lincs. (£0.5m). A further 26 smaller schemes were also in course of construction.



1991 planned and actual spending by area of expenditure.

Cost saving and other
Telemetry, instrumentation, control and automation
Growth
Sewerage
Sewage treatment and disposal
Bathing waters and unsatisfactory sea outfalls
Drinking water quality
Water mains replacement and renovation

In order to reduce the risk of flooding, work on 25 sewerage schemes was carried out. The most significant of these were at Kings Lynn (£7.9m), Gorleston (£3.5m), Lincoln (£1.3m), Grimsby (£1.2m), Peterborough (£1.2m) and Canvey Island (£0.9m).

Our programme of work on water treatment has been undertaken to improve drinking water quality. We have been in the forefront of the industry in completing nitrate removal plants at Isleham in Cambridgeshire and Wighton in Norfolk. Overall, work was carried out on 6 schemes to reduce nitrate levels; major schemes are in North-West Norfolk (£12.8m), Ukeby and Elsham (£7.5m), Barrow (£4.6m) and Fring (£1.0m)

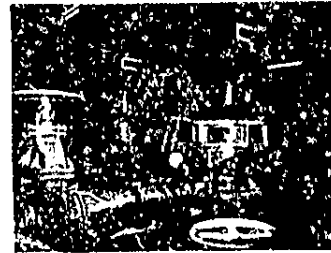
We are on course with our water treatment programme to facilitate compliance by 1995, in accordance with the undertakings given to the Government at the time of privatisation in respect of drinking water quality. Improvements at 17 water treatment works (in addition to the 6 above) have been carried out, the most significant of which were at Pitsford (£3.5m), Wing (£2.3m) and Covenham (£2.2m). Additionally some £16.5m was spent on replacement and renovation of 227km of water mains.

Although our investment programme is based upon planned priorities, we have retained sufficient flexibility to enable us to address emerging requirements. In 1990 the UK experienced drought conditions with the Eastern Counties being severely affected. We have responded to this by bringing forward from the later years of our plans, schemes with a total value of £25m, to minimise the impact of drought on our customers. Additional mains are being laid from Wing to Peterborough at a cost of £3.0m, Bucklesham to Alton Reservoir (to serve Ipswich) £1.9m, Maltby to Mumby (to serve Skegness) £1.4m, Glentham to Welton (to serve Lincoln) £1.3m, and Caistor to Lakenham (to serve Norwich) £0.7m. Additional treatment facilities are being constructed at Elsham (to serve Scunthorpe) at a cost of £0.5m. A number of smaller schemes have also been brought forward.

Over the past year there have been a number of changes in requirements by the UK Government, in anticipation of EC legislation. In accordance with Government requirements we have modified our investment plans for bathing water compliance by providing additional treatment at Cleethorpes, West Runton (Cromer/Sheringham) and Dovercourt. In addition we have brought forward the date for compliance at Cleethorpes by two years.



Extensive use is made of computer aided design in the development of our investment programme. Here Barry Pawley and Majed Murad operate the system in our Histon office.



New pumps at Sutterton reservoir pumping station - part of a £3.8m scheme to reinforce water supplies to Boston (Lincs.).

Investment

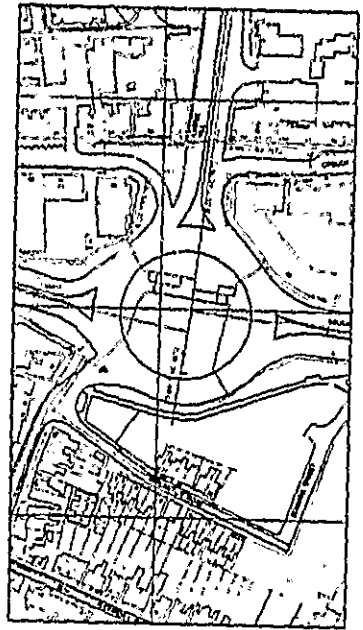
We continue to attach considerable importance to investment in new technology which results in operating cost savings and improved levels of service. Management information systems are continually being developed and improved to meet these objectives and to take advantage of innovations such as Instrumentation Control and Automation, Digital Mapping, and Telemetry. This will keep us at the forefront of technological development.

Through Anglian Water Engineering and Business Systems Limited we have continued to secure the benefits of a co-ordinated and focussed approach to design, contract management and supervision of the major schemes in our programme.

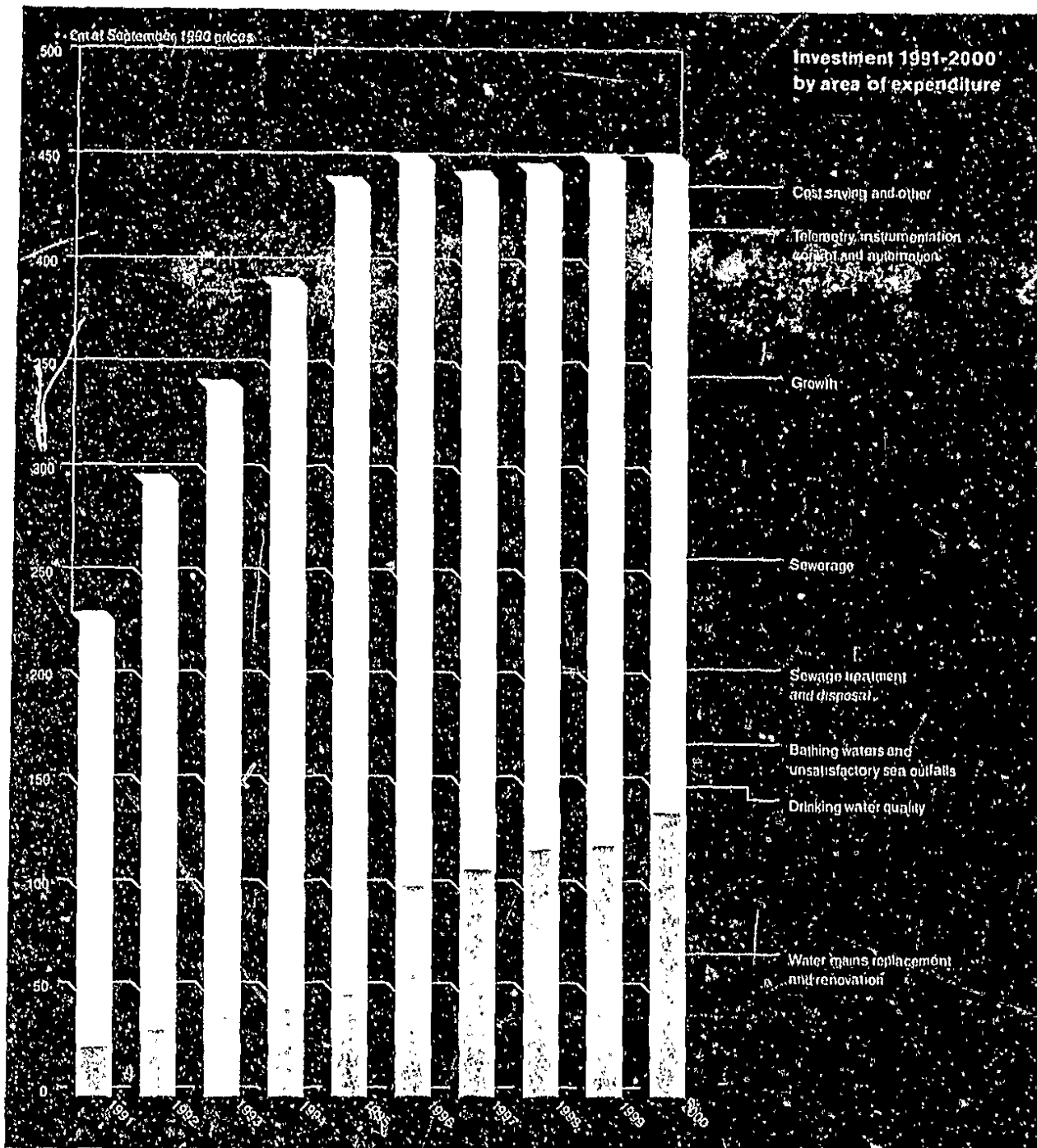
Future Objectives

The chart on page 19 illustrates the profile of our investment programme. This shows progressive increases in expenditure from £229m in 1990/91 to some £451m in 1995/96. This profile not only takes into account the need to meet our obligations and targets by specific dates, but also recognises the practical implications of such a large expansion in the level of expenditure. This offers a significant advantage in the planning and implementation of the work necessary to effect required improvements. Together with the means taken to secure additional design and construction resources, this reinforces our confidence that the investment objectives envisaged when "K" was set, and our overall investment plans to meet those objectives will be achieved.

We believe that the region will continue to be the fastest growing area in the country and the chart on page 19 reflects the extent to which this has a major impact on our investment programme. To cater for this growth we plan to spend some £77m between now and 1995 in developing new water sources and extending existing treatment works. Major projects are proposed at Grafham (Cambs.) and Elsham (Lincs.). It will also be necessary to extend and reinforce the distribution system to meet this growth and our plans allow for expenditure of some £276m between now and 1995 on water distribution and trunk mains, pumping stations, service reservoirs and water towers. We anticipate spending some £379m on sewage services principally to cater for the provision of first time sewerage, the enlargement of existing sewers and pumping stations, and extensions to sewage treatment works. During the past year we have strengthened our corporate planning and project evaluation resources in order to ensure that this increasing rate of investment can be achieved on a timely and cost efficient basis.



Extensive use of technology through Digital Mapping provides comprehensive information on our infrastructure.



Operations

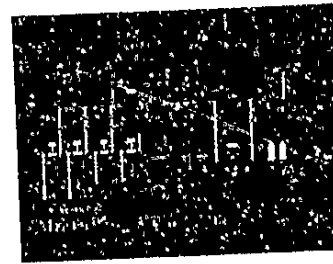
Customer Service

In providing a service 24 hours a day for 365 days a year, we have developed a structure that ensures we can respond in a fast and efficient manner. During working hours our Customer Service Bureaux (CSB's) provide the first point of contact. During the year our CSB's had 185,000 customer contacts. Our staff have access to highly sophisticated computer based operational planning systems which facilitate the effective response to both routine and emergency situations.

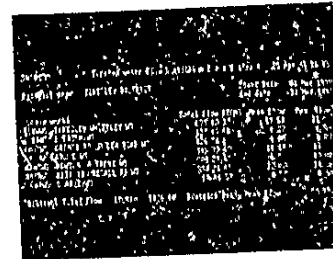
Customer calls outside normal working hours are dealt with by one of the four Divisional Control rooms which are manned around the clock. They are equipped with advanced communications and telemetry systems which enable rapid response to any emergency, no matter how complex.

We continue to pursue technological development which results in benefits to our customers. This investment enables a wider surveillance of our operations and gives us a better understanding of the performance of our water supply network. Potential problems can be anticipated and remedial action taken to reduce inconvenience. We now have 3,820 telemetry outstations, a 38% increase during the year, which makes us one of Europe's major users of such technology.

We continually appraise the means by which we carry out our primary services to ensure that the materials and techniques used are in the forefront of technology. "No-dig" techniques are used whenever cost effective to ensure the minimum of disruption to road users.



Our telemetry system enables constant monitoring of operational sites - here a typical local water installation is displayed in schematic form.



The telemetry system facilitates monitoring of water flows from source works.

Service

To ensure that we respond quickly and efficiently to the requirements of our customers.



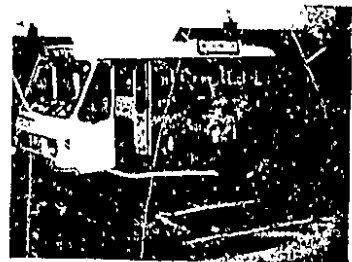
Our emergency service enables us to provide an effective response 24 hours a day - Shaun Arnold and Dave Lockey supervised by Inspector Nick Lilley carry out repair work.



Sue Scigala receives an emergency call at our Divisional Control room in Lincoln.



Our team responds rapidly.



The job is completed with minimal disruption to our customers.

Operations

Water Supply

Despite abnormally dry conditions over recent summer and winter periods we were able to maintain supplies to our customers. However to conserve stocks, hosepipe bans were introduced in a limited number of locations in the eastern part of the region.

The long periods of sunshine during the summer of 1990 created conditions conducive to the development of blue/green algal blooms. By the implementation of a treatment programme significant development of the algae in reservoir waters was prevented. Reservoirs remained open for recreation throughout the summer and water supplies to customers were unaffected.

In contrast, we experienced severe weather conditions during February with up to 400mm of snow falling in some parts of our region. The month saw a record number of almost 1,400 burst mains, but despite this and the need to work in often atrocious conditions, we were able to restore and maintain services, and the vast majority of our customers were unaffected.

We believe that water quality is one of the most important measures by which we will be judged and consequently, we carry out intensive and extensive monitoring. We are therefore confident that the bacteriological quality of water supplied has remained high. During the year our laboratories tested a total of 187,000 samples.

Sewage Treatment

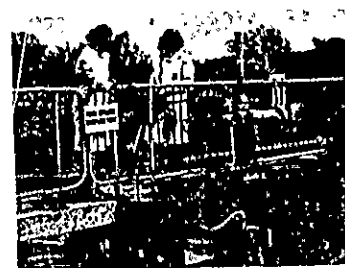
Significant progress has been made in improving the performance of sewage treatment works during the year. This has been achieved through a combination of improved operational control and capital investment. Our integrated telemetry system enables us to monitor performance of individual works and an extensive programme of sampling and analysis ensures that compliance is being achieved and that river water quality is being protected. During the year we tested 116,000 samples.

Growth

Despite the impact of the recent recession and the slow down in the housing market, the Anglian region continued to be a growth area. 19,700 properties were connected to the water supply network and 26,000 properties to the sewerage network. To accommodate new housing development 117km of new mains were laid.



Technician Keith Legge tests a routine water sample at Cambridge laboratory.



Scientists Nina Richards and Rachel Fox monitoring effluent quality at Milton Keynes.

Other Activities

Farm Gas manufactures and supplies anaerobic digestion plants used in the treatment of sewage sludge, abattoir waste and farm slurry. Since its acquisition Farm Gas has undertaken major contracts for a number of water companies and we anticipate the continued expansion of the business to meet market demand.

We have made considerable advances in the use of technology in developing granular activated carbon for controlling pollutants and pesticides. Over 8,000 tonnes of carbon are regenerated each year and in addition we have entered into a £5m joint venture, Grafham Carbons, with Severn Trent Water in order to optimise the benefits of the process.

Anglian Engineering Services operates a mechanical and electrical engineering factory which offers design, manufacturing, project management and on-site installation for quality fabrications. Its significant expansion of activity is expected to continue.

Our joint venture with Sir Alexander Gibb and Partners, Gibb Anglian, offers a combination of international engineering skills and water industry expertise which can be applied to all aspects of water supply and waste disposal anywhere in the world.

In addition to its major responsibility for the design, contract management and supervision of our core business capital programme, our engineering company Anglian Water Engineering and Business Systems has completed 12 projects in the UK for major companies.

We operate a number of other commercial activities. A joint venture, Exxchange Technology, has been established to develop and market nitrate removal equipment, we operate a plumbing services business, "Plumbsure", and in March we acquired the assets and name of F. Smith & Son (Grimsby), a well-drilling and hole-boring business. We intend to develop these activities.



Activity in Anglian Engineering Services' factory at Ely.

Quality

To provide quality in everything we do.

Research and Development

We have made significant advances in the development of water treatment processes as we further our knowledge of multi-layer filters, granular activated carbon and ion-exchange. These processes will assist us in meeting our water quality requirements.

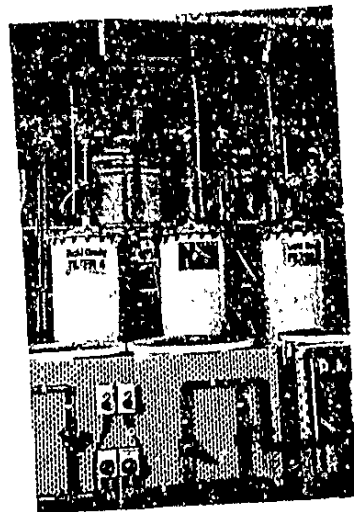
Sewage treatment research has concentrated on improving process and engineering techniques. In conjunction with the Water Research Centre (WRC) we have designed an innovative sewage treatment plant at Waterbeach near Cambridge. We are also developing standard process units which can be prefabricated in a factory-type environment and delivered to site for installation on simple foundations. This will speed up installation times and help us in controlling our capital costs, particularly for our many small works.

Where practicable, the development programme has been combined with our engineering fabrication expertise. Anglian Engineering Services has manufactured specialised sewage treatment equipment which has been designed in-house.

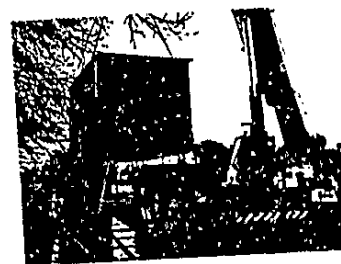
Continuing attention is being directed at options for treating sewage in coastal areas. We are seeking to develop compact plant and investigating the use of membrane technology at a trial site at Kings Lynn.

Farm Gas is developing the technology for the application of its anaerobic digestion techniques to municipal solid waste. A pilot plant has been constructed to evaluate this research.

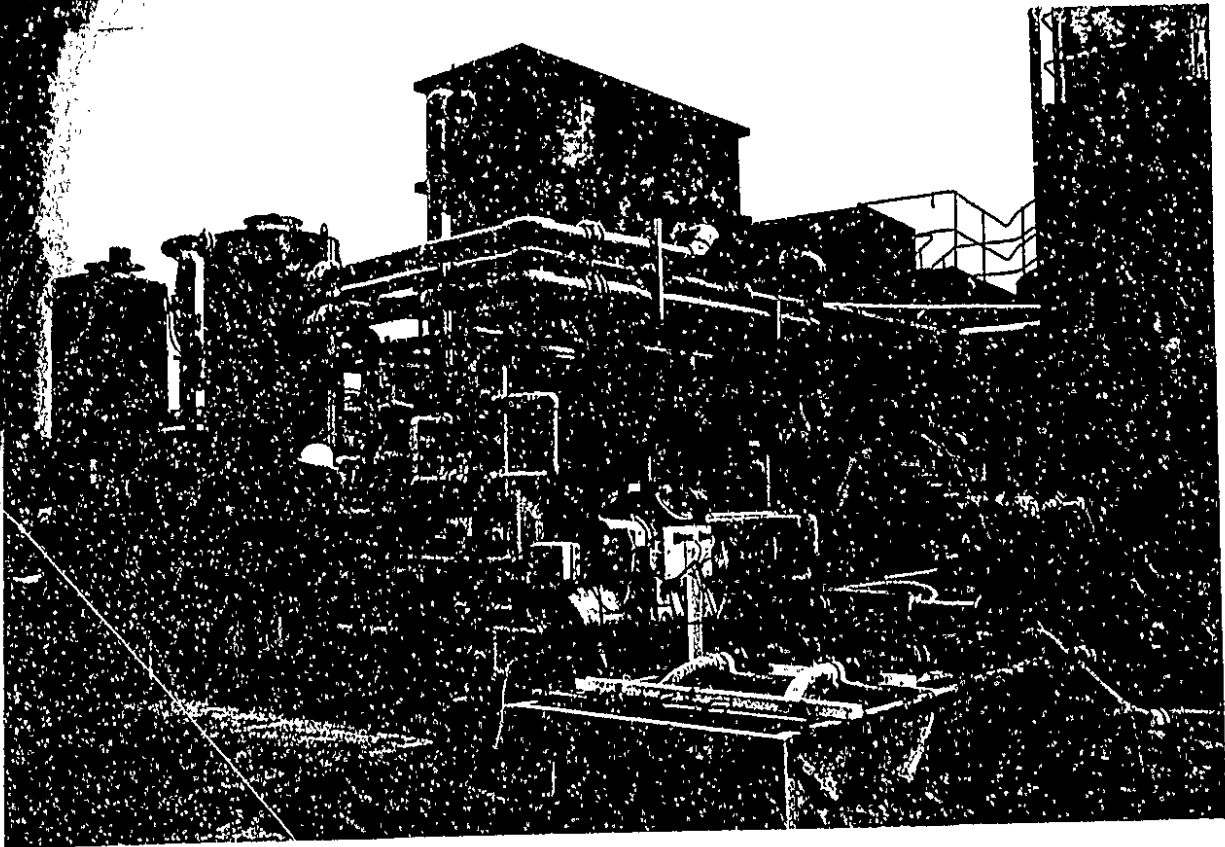
In addition, through our involvement with national research programmes we have continued to support projects with other companies and organisations such as the Foundation for Water Research and the WRC. We contributed £1.2m to fund a variety of broadly based programmes to address issues of common interest to the Water Industry. Consequently we have access to a research programme of some £8.4m.



Ozone pilot plant at Grafham – part of the continuing development in water treatment techniques.



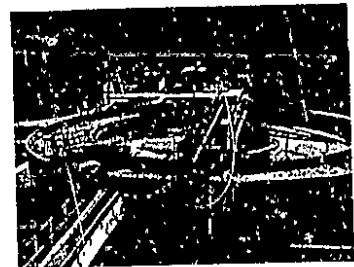
Prefabricated modular plant is a cost effective solution for treatment at many of our smaller sites.



Researching the use of membrane technology in sewage treatment at our works at Kings Lynn.



The Biobead process at Alconbury - In the forefront of technological development in sewage treatment.



The Circas process at Waterbeach sewage treatment works - a fast build, low cost solution to sewage treatment.

Environment

As a major investor in the environment in Eastern England, we have developed a policy which recognises not only the importance of complying fully with the large number of statutory requirements which cover our operations, but also a duty of care for the environment within which we operate.

Much of our investment will result in significant environmental improvements. Some £231m will be spent in the next four years on improving the quality of sewage effluent discharges to rivers in the region. In coastal areas we have begun the process of providing treatment for all discharges with priority being given to those in the area of bathing waters.

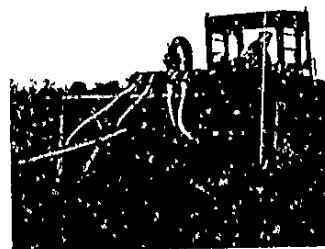
We are phasing out marine dispersal of sewage sludge, albeit that the great majority of sludge has always been disposed of by application to farm land. During the year 81% of sludge produced was disposed of in this manner. This process recycles the sludge which is a valuable soil conditioner and a useful source of plant nutrients.

We are committed to furthering conservation of the natural environment, to protecting and conserving buildings and sites of historic and architectural interest and to providing facilities for recreation on waters under our control. An active conservation team has been established which oversees the investment planning process to ensure that in all projects, the environment is protected, and where possible, enhanced. This includes full consultation with English Nature (formerly the Nature Conservancy Council), county archaeologists, the Countryside Commission and local conservation bodies.

The recreational use of reservoirs has been further developed during 1990/91. A strategy has been formulated for Alton Water in Suffolk and plans for an activity and day sailing centre at Grafham Water in Cambridgeshire are well advanced. Our trout fisheries have continued to thrive with Grafham re-establishing itself as one of the premier fly fishing centres in the country. At the more important of our sites we have involved local wildlife trusts in management. At Newbourne Springs (near Ipswich) accessibility has been improved during the year by providing a visitor centre in continuing partnership with the Suffolk Wildlife Trust and at Grafham Water we have opened a new Visitor and Exhibition Centre.



Protection and enhancement of the natural environment - here Tony Ford (forester) plants trees at Rutland Water.



Sludge injection to land.



As part of the conservation of the natural environment we have established a bird scrape alongside the development of the sewage treatment works at Marston.

Care

To care for and respect the natural environment and the communities in which we operate.



Trout fishing - a major recreation offered at Rulland Water.



Ravenshorpe water treatment works (near Northampton) demonstrates how major operational activity can be carried out whilst maintaining the heritage of the building.

Employees

We are committed to ensuring that our business is one in which dedicated employees gain job fulfillment. To this end we have encouraged active participation and involvement in the Group's performance. At the year end around 81% of our employees held shares in the Company.

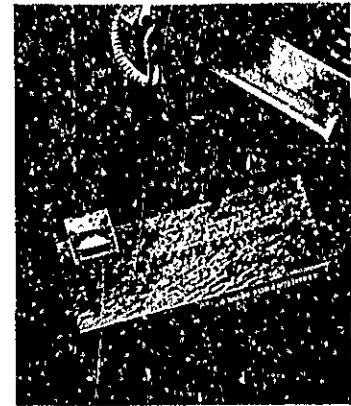
We have reinforced our commitment to training and development to meet the increasing needs of the business. Our training facility at Whitwell, near Rutland Water has been expanded. New policies on training of young persons and undergraduate sponsorship have been implemented. These, together with the expansion of graduate recruitment and craft apprentice training, will assist in ensuring that the Group has an adequate supply of suitably trained employees for the future. This year also saw the launch of a major training programme for our manual workers.

Employees continue to be fully informed on matters affecting them and are made aware of the financial and economic factors influencing the Group. This is achieved through presentations, briefings, announcements and the Company newspaper.

1990 was the first year in which pay negotiations for all employee groups were conducted by the Company. Agreements were reached on changes to the working week for manual and craft workers which will result in improved customer service and operational efficiency.

We are an equal opportunities employer and applications for employment from disabled persons are fully and fairly considered having regard to the aptitudes and abilities of the applicant. In the event of disability, every effort is made to ensure that employment with the Company continues and appropriate training, career development and promotion of a disabled person should, as far as possible, be identical with that of other employees.

The care and maintenance of the health and safety of employees and the public is a corporate objective, the achievement of which is monitored by a safety committee.



Our Sharesave schemes have been enthusiastically received by our employees.



Far left: Simon Lugo, Operative at Colton Valley Sewage Treatment Works.

Left: Helen Sleaford, District Manager, Grimsby.



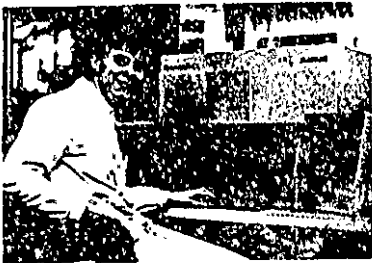
Far left: Sheena Sharp, Accounting Technician.

Left: Brian Butler, Plumber.



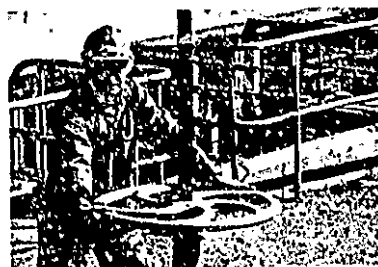
Far left: Linda Morrow, Customer Accounts Assistant.

Left: Henry Tam, Assistant Engineer.



Far left: Mandy Flatton, Assistant Chemist at Cambridge Laboratory.

Left: Percy Williams, Network Assistant at our Computer Centre.



Far left: David Scales, Superintendent at Huntingdon.

Left: Ron Leo, Shift Operator at Graham Water Treatment Works.

Customer Relations

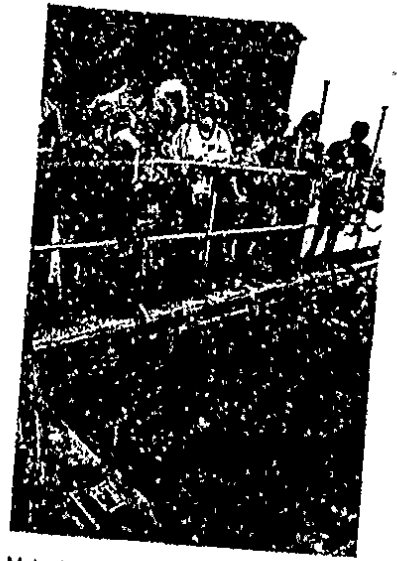
We are committed to the objective of providing improved levels of customer service that represent value for money, and the promotion of an increasing awareness of our activities. To strengthen this commitment, we have developed and supported a number of initiatives to improve our customer relations.

To promote awareness of the nature and extent of our services we have instituted a programme of open days covering a wide spectrum of operational sites including water treatment works, sewage treatment works and reservoirs. These open days have enabled us to demonstrate the complexity and diversity of the processes we carry out in providing our daily services. During the year we held 50 open days which were attended by some 15,000 members of the public. The success of these events has led us to expand the programme during the current year and we look forward to welcoming both shareholders and customers alike in the future.

In a similar vein we have held a series of awareness meetings for our industrial and commercial customers throughout the region. These will also be continued.

We have welcomed the establishment by OFWAT of the Anglian regional Customer Service Committee (CSC) which is responsible for protecting customers' interests. During the year we have discussed a wide variety of matters including paying for water services, metering, disadvantaged customers, codes of practice and levels of service. We will continue to work closely with the CSC in accommodating the requirements of our customers.

We believe it is important that our customer service objectives are protected on issues relating to the water industry, and as a company with a strong regional identity, on issues of relevance to local business. Accordingly we are represented on relevant local, national and international organisations.



Malcolm Raymer, Eastern Divisional Manager, shows a group of visitors around one of Great Yarmouth's sewage pumping stations during a recent open day.

Group Structure

The Anglian Water Group of companies comprises Anglian Water Plc (the holding company), Anglian Water Services Limited (its appointed water and sewerage business), and eight other trading companies.

Directors

A list of the directors is set out on page 6. Mr C J Mellor was appointed on 23 April 1990 and Mr R W Jewson and Mr F S Thomson on 1 January 1991. The remaining directors held office throughout the year. On 23 April 1990 Mr A G Semple, then Group Managing Director, was appointed Vice Chairman. Mr A F Smith, then Deputy Group Managing Director and Finance Director was appointed Group Managing Director and Mr C J Mellor was appointed Group Finance Director. Mr Jewson and Mr Thomson, having been appointed by the directors, will retire at the Annual General Meeting, and being eligible, offer themselves for re-election. Mr Jewson and Mr Thomson have no service contracts with the company. Mr Boodle and Dr Bradfield retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election. Neither Mr Boodle nor Dr Bradfield has a service contract with the Company. Details of directors' interests are shown in Note 14 to the accounts on page 41.

Group Results and Dividends

The Group's results are shown in the profit and loss account on page 34. An interim dividend of 5.8p per share was paid on 4 March 1991. The Directors are recommending the payment of a final dividend of 11.7p per ordinary share to shareholders on the register at the close of business on 22 July 1991 making a total net dividend for the year of 17.5p.

Share Capital

Details of the Company's share capital are shown in note 27 on page 47. Options outstanding (including options granted to directors detailed on page 41) under the Company's share option schemes at 31 March 1991 were as follows:

	No. of Shares	Date of grant	Option Price
Sharesave Scheme	1,800,856	12 December 1989	£1.76
Sharesave Scheme	737,912	6 December 1990	£2.67
Executive Share Option Scheme	258,048	19 February 1990	£2.99
Executive Share Option Scheme	104,956	20 June 1990	£2.93
Executive Share Option Scheme	172,126	10 January 1991	£3.31

Options granted under the Sharesave Scheme are normally exercisable within a period of six months after either the fifth or seventh anniversary of the date of the savings contract. Options under the Executive Share Option Scheme are normally exercisable during a period commencing on the third anniversary and ending on the tenth anniversary of grant.

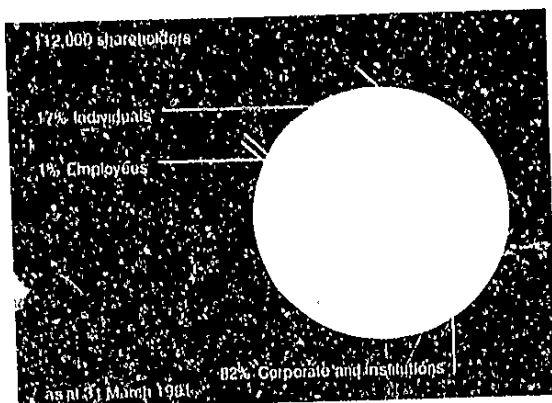
Charitable and Political Donations

During the year the Group made charitable donations of £31,000. No political contributions were made by the Company or its subsidiaries.

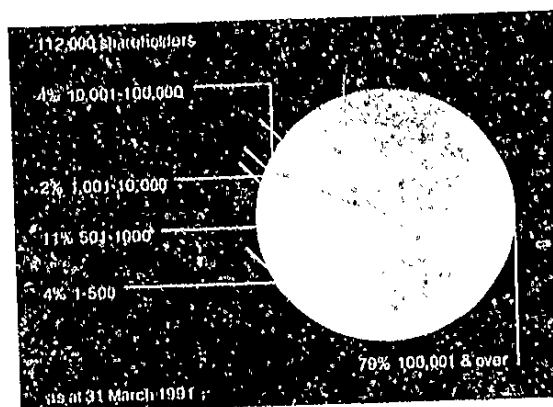
Liability Insurance

The Company maintains insurance under section 310(3) of the Companies Act 1985 for its officers against liabilities in relation to the Company.

Other Information



Distribution of shares by type of shareholder.



Distribution of shares by size of holding.

Substantial Shareholdings

According to notifications received, the following were interested in 3% or more of the Company's issued share capital at 10 June 1991.

	No. of Shares	Percentage
Lyonnaise UK Plc	26,523,000	9.0
Lyonnaise Des Eaux (as holding company of Lyonnaise UK Plc)	26,523,000	9.0
Schroder Investment Management Limited	14,831,924	5.0
Schroders Plc (as holding company of Schroder Investment Management Limited and other subsidiaries)	15,126,924	5.1

The interest of Lyonnaise Des Eaux arises, according to notifications received, as a result of it being the holding company of Lyonnaise UK Plc. The interest of Schroders Plc arises, according to notifications received, as a result of it being the holding company of Schroder Investment Management Limited and other subsidiaries. Under the Companies Act 1985, both Lyonnaise Des Eaux and Schroders Plc are deemed to be interested in any shares of a company in which their subsidiaries are interested. The total group holdings of Lyonnaise Des Eaux and Schroders Plc therefore represent 9.0% and 5.1% respectively of the total issued share capital of Anglian Water Plc.

Close Company Status

The Company is not a close company as defined by the Income and Corporation Taxes Act 1988.

Auditors

The auditors of the Company, Price Waterhouse, have indicated their willingness to continue in office and a resolution proposing their re-appointment will be put to the Annual General Meeting.

Annual General Meeting

The notice convening the Annual General Meeting to be held on 31 July 1991 is sent to shareholders separately with this report, together with an explanation of the business to be conducted at the meeting.

By Order of the Board

Jackie Fox

Acting Company Secretary

Anglian Water Plc, Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE18 6NZ.

Registered in England No. 2366618. Telephone: 0480 443000. Facsimile: 0480 443115.

10 June 1991

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Auditors' Report to the Members of Anglian Water Plc

We have audited the financial statements on pages 34 to 48 in accordance with Auditing Standards.

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

Price Waterhouse.

PRICE WATERHOUSE
Chartered Accountants
Birmingham

10 June 1991

Group Profit and Loss Account

For the year ended 31 March 1991

	Notes	1991 £m	1990 £m	1990 pro-forma* £m
TURNOVER	3	460.6	401.3	401.3
Operating costs	4	(290.2)	(243.6)	(243.6)
Exceptional items	5	-	(3.0)	(3.0)
OPERATING PROFIT	3, 6	170.4	154.7	154.7
Other income	7	0.3	0.4	0.4
Interest	8	(18.1)	(69.0)	(16.1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		152.6	86.1	139.0
Taxation	9	(17.2)	(10.0)	(15.0)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		135.4	76.1	124.0
Extraordinary items	10	-	(7.7)	(7.7)
PROFIT FOR THE FINANCIAL YEAR	15	135.4	68.4	116.3
Dividends	11	(51.6)	(30.1)	(45.1)
RETAINED PROFIT FOR THE YEAR	28	83.8	38.3	71.2
EARNINGS PER ORDINARY SHARE	12	45.9p	-	42.1p

The notes on pages 37 to 48 form part of these financial statements.

*pro-forma basis:

During 1989, as part of the capital restructuring of the Group prior to flotation, some £752m (net) of loans from H. M. Government were written off. The pro-forma results shown above have been calculated by adjusting actual profit before taxation of £86.1m for a £52.9m reduction in interest payable (to reflect the interest saving that would have arisen if the new capital structure had been in place from 1 April 1989), and for an Advance Corporation Tax charge of £15.0m (based on a notional dividend of £45.1m which the Directors considered they would have recommended if the new capital structure had been in force from 1 April 1989).

Balance Sheets

Anglian Water Plc Annual Report - 1991

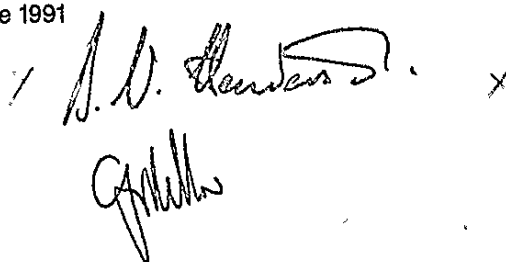
At 31 March 1991	Notes	Group		Company	
		1991 £m	1990 £m	1991 £m	1990 £m
FIXED ASSETS					
Tangible assets	16	1,594.0	1,424.6	0.4	0.3
Investments	17	2.4	0.5	972.9	860.0
		1,596.4	1,425.1	973.3	860.3
CURRENT ASSETS					
Stocks and work in progress	19	7.6	6.8	-	-
Debtors	20	83.8	67.3	49.8	56.8
Cash and deposits		101.3	1.7	118.0	121.7
		192.7	75.8	167.8	178.5
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Short term borrowings	21	(13.9)	(135.2)	(1.6)	(122.3)
Other creditors	21	(199.2)	(140.8)	(61.3)	(45.0)
		(20.4)	(200.2)	104.9	11.2
TOTAL ASSETS LESS CURRENT LIABILITIES		1,576.0	1,224.9	1,078.2	871.5
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
Loans and other borrowings	22	(282.1)	(49.9)	(208.7)	-
Other creditors	23	(22.0)	(8.9)	(2.8)	(3.3)
		(304.1)	(58.8)	(211.5)	(3.3)
PROVISION FOR LIABILITIES AND CHARGES	24	(59.3)	(31.7)	(1.8)	(2.8)
		1,212.6	1,134.4	864.9	865.4
CAPITAL AND RESERVES					
Called up share capital	27	294.7	294.7	294.7	294.7
Profit and loss account	28	917.9	839.7	570.2	570.7
		1,212.6	1,134.4	864.9	865.4

The notes on pages 37 to 48 form part of these financial statements.

Approved by the Board on 10 June 1991

B V HENDERSON CBE
Chairman

C J MELLOR
Group Finance Director



Group Source and Application of Funds Statement

For the year ended 31 March 1991

	1991 £m	1990 £m
SOURCES		
Generated from operations:		
Profit before taxation	152.6	86.1
Depreciation	38.8	32.6
Extraordinary items	-	(7.7)
Provision for infrastructure renewals	36.7	32.2
Restructuring provision	(1.0)	(1.7)
FUNDS FROM OPERATIONS	227.1	141.5
Working capital changes:		
Increase in stocks and work in progress	(0.8)	(0.2)
Increase in debtors	(16.5)	(16.1)
Increase in creditors (excluding dividends, taxation and capital grants)	46.1	31.5
FUNDS FROM WORKING CAPITAL	28.8	15.2
TOTAL FUNDS AVAILABLE	255.9	156.7
APPLICATIONS		
Dividends paid	(47.2)	-
Taxation paid	(10.0)	-
Divestment of NRA	-	(15.8)
AVAILABLE FOR INVESTMENT	198.7	140.9
Investment Expenditure:		
Tangible assets	222.0	188.7
Infrastructure renewals	8.1	3.3
Capital grants and contributions	(26.8)	(8.9)
Disposals of fixed assets	(0.8)	(1.7)
Goodwill on acquisitions	5.6	-
Investments in associated undertakings	1.9	0.3
	210.0	181.7
EXCESS OF INVESTMENT EXPENDITURE FINANCED BY INCREASED BORROWINGS	11.3	40.8
FINANCED BY		
Increase/(decrease) in long term borrowings	232.2	(52.4)
Increase/(decrease) in short term borrowings	(121.3)	94.7
Increase in cash and short term deposits	(99.6)	(1.5)
	11.3	40.8

The notes on pages 37 to 48 form part of these financial statements.

1. Accounting Policies

The consolidated financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards applying the following principal accounting policies:

(A) BASIS OF CONSOLIDATION

The Group accounts comprise a consolidation of the accounts of the Company and all of its subsidiaries to 31 March. The results of companies acquired or disposed of are consolidated from the effective date of acquisition or to the effective date of disposal. The treatment of a company as an associated undertaking has regard to the Group's holding of at least 20% of the equity capital, representation on its Board of Directors and participation in policy making, including dividend policy. The Group's share of the profits of these companies is included in the profit and loss account and the investments are shown in the balance sheet at the Group's share of the net tangible assets of the companies less provisions.

(B) GOODWILL

On the acquisition of a subsidiary company, fair values are attributed to the net assets acquired. Goodwill, which represents the difference between the purchase consideration and the fair values, is taken to reserves.

(C) TURNOVER

Turnover represents the income receivable (excluding value added tax) in the ordinary course of business for goods supplied and services provided.

(D) 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).

(a) Infrastructure assets

Infrastructure assets comprise a network of systems. Investment expenditure on infrastructure assets relating to increases in capacity or enhancements of the network is treated as an addition and included at cost. Investment 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. The charge for infrastructure renewals expenditure takes account of planned expenditure on maintaining the operating capability of infrastructure assets in accordance with the operational policies and standards underlying Anglian Water Services Limited's Asset Management Plan. The timing of the investment programme and other operational considerations results in uneven patterns of infrastructure renewals expenditure. Charges to the profit and loss account therefore comprise actual expenditure together with accruals which recognise planned expenditure identified in the 20 year Asset Management Plan.

(b) Other Assets

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

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

Assets in the course of construction are not depreciated until they are commissioned.

Notes to the Financial Statements

1. Accounting Policies (continued)

(E) GRANTS AND CONTRIBUTIONS

Grants and contributions on capital expenditure, other than those relating to infrastructure assets, are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset by equal annual instalments. Grants and contributions to capital expenditure on infrastructure assets are deducted from the cost of these assets (see note 2). Other grants and contributions are credited to profit and loss account in the year to which they apply.

(F) 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 costs being written off to the profit and loss account over the period of the lease. The assets are depreciated over the shorter of their estimated useful lives and the lease period. All other leases are regarded as operating leases. Rental costs arising under operating leases are expensed over the term of the lease.

(G) INVESTMENTS

Investments held as fixed assets other than subsidiary or associated undertakings are stated at cost less provisions for permanent diminution in value.

(H) STOCKS AND WORK IN PROGRESS

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

(I) PENSION COSTS

Contributions to the Group's defined benefit pension schemes are charged to the profit and loss account so as to spread the regular cost of pensions over the average service lives of employees, in accordance with the advice of an independent qualified actuary. Actuarial surpluses and deficits are amortised, where appropriate, over the average remaining service lives of employees in proportion to their expected payroll costs.

(J) RESEARCH AND DEVELOPMENT

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

(K) DEFERRED TAXATION

Tax deferred as a result of timing differences is only provided for to the extent that there is a reasonable probability that such deferred taxation will be payable in the foreseeable future.

2. Change in Accounting Policy

With effect from 1 April 1990 the Group changed its accounting policy for grants and contributions on capital expenditure other than those relating to infrastructure assets. Previously the policy had been to deduct the value of such grants and contributions from the cost of fixed assets. Leading Counsel has recently advised that this policy is not permitted under the provisions of the Companies Act and it has therefore been changed to that set out in paragraph 1(E). Grants and contributions on infrastructure assets continue to be deducted from the cost of those assets in order to give a true and fair view. Figures for 1990 have not been restated since the amounts involved are not considered material.

3. Analysis of Turnover and Operating Profit by Class of Business	Turnover		Operating Profit	
	1991 £m	1990 £m	1991 £m	1990 £m
Water supply	198.6	161.9	46.8	31.2
Sewerage services	256.4	236.9	123.6	123.7
Other trading activities	7.6	2.5	-	(0.2)
	460.6	401.3	170.4	154.7

Substantially all turnover and operating profit arise in the UK.

4. Operating Costs	1991 £m	1990 £m
Raw materials and consumables	33.4	22.0
Other external charges	124.0	109.3
Staff costs (see note 13)	77.9	64.0
Own work capitalised	(20.6)	(16.5)
	214.7	178.8
Depreciation of tangible fixed assets	38.8	32.6
Infrastructure renewals	36.7	32.2
	290.2	243.6

5. Exceptional Items	1991 £m	1990 £m
Restructuring and relocation costs	-	3.0

6. Operating Profit	1991 £m	1990 £m
Operating profit is stated after charging/(crediting):		
Hire of plant and machinery	1.0	0.9
Other operating lease costs	0.6	0.4
Auditors' remuneration	0.2	0.2
Research and development expenditure	3.0	1.9
Grants and contributions	(0.3)	(0.2)

7. Other Income	1991 £m	1990 £m
Profit on sale of tangible fixed assets	0.3	0.4

8. Interest	1991 £m	1990 £m
Overdrafts and other loans repayable wholly within five years	5.6	69.1
Long term loans (any part payable after five years)	19.8	0.6
Finance leases	0.6	0.5
	26.0	70.2
Interest receivable	(7.9)	(1.2)
	18.1	69.0

Interest payable on long term loans includes the indexation element of the Index Linked Loan Stock (see note 22).

Notes to the Financial Statements

9. Taxation	1991 £m	1990 £m
Advance corporation tax	17.2	10.0

Taxation allowances on capital expenditure are sufficient to ensure that no mainstream corporation tax liability arises and consequently advance corporation tax for the year is written off. No provision for deferred taxation is required for the year ended 31 March 1991 (see note 25).

10. Extraordinary Items	1991 £m	1990 £m
Privatisation costs	-	7.7

11. Dividends	1991 £m	1990 £m
Interim dividend of 5.8p (1990 - nil) per ordinary share	17.1	-
Proposed final dividend of 11.7p (1990 - 10.21p) per ordinary share	34.5	30.1
	51.6	30.1

12. Earnings per Share

Earnings per ordinary share have been calculated by dividing profit on ordinary activities after taxation of £135.4m (1990 - £124.0m on a pro-forma basis) by 294.7m (1990 - 294.7m on a pro-forma basis) being the weighted average number of ordinary shares in issue during the year. On a nil distribution basis earnings per ordinary share is 51.8p (1990 - 47.2p). Earnings per ordinary share are not materially affected if calculated on a fully diluted basis.

Earnings for 1990 on a pro-forma basis recognise an interest saving of £52.9m and a charge for advance corporation tax of £15.0m to reflect the capital structure which now exists.

13. Employee Information	1991 £m	1990 £m
Staff costs:		
Wages and salaries	65.9	54.8
Social security costs	5.0	4.0
Other pension costs (see note 29)	7.0	5.2
	77.9	64.0
Average number of full time equivalent persons employed in the UK:	1991 Total	1990 Total
Numbers employed	4,663	4,328

14. Directors

Emoluments of Directors	1991 £000	1990 £000
Fees	69	42
Other emoluments	471	307
	540	349
The emoluments of the Chairman, excluding pension contributions, were	91	61
The emoluments of the highest paid Director, excluding pension contributions, were	96	77

The emoluments (excluding pension contributions) of the other Directors of the Company during the year were within the following ranges:

	No. of Directors			No. of Directors	
	1991	1990		1991	1990
£ 0 - £ 5,000	2	2	£60,001 - £65,000	1	-
£ 5,001 - £10,000	-	4	£70,001 - £75,000	-	2
£10,001 - £15,000	4	1	£80,001 - £85,000	1	-
£15,001 - £20,000	1	-	£85,001 - £90,000	1	-

The emoluments of the Directors for the year ended 31 March 1990 include their emoluments as members of the Board of Anglian Water Authority for the five months to 1 September 1989.

Directors' Interests

The interests of the Directors in the shares of the Company and in options over such shares granted under the Company's Executive Share Option Scheme and Sharesave Scheme are set out below.

Beneficial and family interests	31 March 1991	1 April 1990
	No. of shares	(or date of appointment if later) No. of shares
B.V Henderson	8,615	8,615
F Cator	1,960	1,960
A G Semple	1,080	1,080
A F Smith	786	786
J A Simpson	786	786
C J Mellor	587	1,087
Miss A C Abbey	840	840
J V Boodle	2,340	2,340
J R G Bradfield	1,350	1,350
The Earl of Cranbrook	1,100	1,100
R W Jewson	840	840
F S Thomson	-	-

	Options at 31 March 1991		Options granted during the year	
	Anglian Water Sharesave Scheme	Anglian Water Executive Share Option Scheme	Anglian Water Sharesave Scheme	Anglian Water Executive Share Option Scheme
B V Henderson	-	65,645	-	25,512
A G Semple	4,772	54,619	-	16,994
A F Smith	6,136	65,748	-	30,631
J A Simpson	6,136	60,579	-	25,462
C J Mellor	3,449	47,565	1,404	40,952

Options to purchase fully paid ordinary shares were granted under the share option schemes described on page 31. No options have been exercised during the year.

No Director has an interest in the shares of the Company other than as shown above, and no changes in the interests have occurred in the period from 31 March 1991 to 10 June 1991.

No Director had during the year or has a material interest in any contract of significance to which the Company or any of its subsidiaries is or was a party.

Notes to the Financial Statements

15. Profit of Parent Company

Anglian Water Plc has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The amount of the profit for the financial year dealt with in the accounts of the parent company is £51.1m (1990 - £895.5m).

16. Tangible Fixed Assets The Group	Water Supply £m	Sewerage Services £m	Other Trading Activities £m	General £m	Total £m
Cost					
At 31 March 1990	508.7	980.8	0.6	113.3	1,603.4
Reclassification	(1.5)	-	1.5	-	-
Additions	61.1	132.0	1.3	27.6	222.0
Disposals	(0.1)	(0.1)	(0.1)	(3.8)	(4.1)
At 31 March 1991	568.2	1,112.7	3.3	137.1	1,821.3
Grants and Contributions					
Additions	6.6	6.4	-	-	13.0
At 31 March 1991	6.6	6.4	-	-	13.0
Depreciation					
At 31 March 1990	36.6	103.7	0.1	38.4	178.8
Reclassification	(0.4)	-	0.4	-	-
Charge for the year	7.5	17.2	0.2	13.9	38.8
Disposals	-	-	(0.1)	(3.2)	(3.3)
At 31 March 1991	43.7	120.9	0.6	49.1	214.3
Net Book Amount					
At 31 March 1991	517.9	985.4	2.7	88.0	1,594.0
At 31 March 1990	472.1	877.1	0.5	74.9	1,424.6

General assets comprise assets which are shared by a number of services. The reclassification relates to recreation assets previously included within Water Supply. Expenditure on additions of £222.0m includes £0.8m in respect of subsidiaries acquired during the year. Tangible fixed assets of the Group at 31 March 1991 include £204.4m of assets in the course of construction (1990 - £171.5m).

Tangible fixed assets of the Group include assets not subject to depreciation as follows:

	1991 £m	1990 £m
Land	6.1	5.9
Infrastructure assets	698.2	655.0
	704.3	660.9

The net book value of the Group's tangible fixed assets held under finance leases at 31 March 1991 was £3.2m (1990 - £1.8m). Depreciation charged on assets held under finance leases during the year ended 31 March 1991 amounted to £1.4m (1990 - £1.7m).

Investment Commitments

As described more fully in the Directors' Report on page 18, the Group has a substantial long term investment programme, which includes expenditure to meet regulatory requirements, shortfalls in performance and condition and to provide for new demand and growth.

The table below only includes the Group's short term investment commitments for projects where contracts have been placed or for authorised projects where contracts have not yet been placed:

	1991 £m	1990 £m
Contracted for but not provided in the financial statements	154.2	78.7
Authorised but not yet contracted for	410.9	431.3

16. Tangible Fixed Assets (continued)

The Company		Total £m
Cost		
At 31 March 1990		0.9
Additions		0.3
Disposals		(0.2)
At 31 March 1991		1.0
Depreciation		
At 31 March 1990		0.6
Charge for the year		0.1
Disposals		(0.1)
At 31 March 1991		0.6
Net Book Amount		
At 31 March 1991		0.4
At 31 March 1990		0.3

17. Investments

The Group		Associated Undertakings £m	Other Participating Interests £m	Total £m
Shares at valuation				
At 31 March 1990 and 1991		-	0.2	0.2
Loans				
At 31 March 1990		0.3	-	0.3
Additions		1.9	-	1.9
At 31 March 1991		2.2	-	2.2
Net Book Amount				
At 31 March 1991		2.2	0.2	2.4
At 31 March 1990		0.3	0.2	0.5

The associated undertakings, all of which are registered and principally operate in England, are:

	Activity	Number of shares in issue	Nominal value of share capital in issue	% held	Class of Share
Graham Carbons Limited	Regeneration of granular activated carbon	40,000	£40,000	50	Ordinary £1 Shares
Gibb Anglian Limited	Engineering and design consultancy	1,000	£1,000	50	Ordinary £1 Shares
Exxchange Technology Limited	Marketing nitrate removal equipment	10,000	£10,000	50	Ordinary £1 Shares

* Notes to the Financial Statements

17. Investments (continued)

	Subsidiary Undertakings £m
The Company	
Shares at cost	860.0
At 31 March 1990	5.9
Additions	865.9
At 31 March 1991	
Loans	107.0
Net movements during the year	107.0
At 31 March 1991	
Net Book Amount	972.9
At 31 March 1991	860.0
At 31 March 1990	

At 31 March 1991 the following subsidiary undertakings, all of which are registered and principally operate in England, were 100% owned by the Group or the Company.

	Activities
Anglian Water Services Limited	Appointed under the Water Act 1989 as a water and sewerage undertaker.
Anglian Water Engineering and Business Systems Limited	Engineering, computing, customer accounting, and exchequer services for Group companies and external clients. The company also provides consultancy services in the UK and overseas.
Farm Gas Limited	Design and manufacture of anaerobic digestion plants.
Anglian Engineering Services Limited*	Engineering and fabrication services.
Anglian Water Commercial Developments Limited	Commercial consultancy.
F. Smith & Son (Grimsby) Limited*	Well-drilling and hole-boring.

The company also owns a number of non-trading companies.

With the exception of companies marked with an *, all shareholdings are in the name of Anglian Water Plc.

18. Acquisition of Subsidiary Undertakings

On 4 July 1990 the Group acquired 100% of the issued share capital of Farm Gas Limited for a consideration of £5.9m including the costs of the acquisition. The initial consideration comprised a payment of £2.1m and convertible loan notes with a value of £3.8m. Further amounts may become payable over a period of 3 years under the terms of the purchase agreement up to a maximum of £2.0m. Goodwill on the acquisition amounted to £5.6m; fair value adjustments were not material.

	The Group	
	1991 £m	1990 £m
19. Stocks and Work in Progress		
Consumable stores	6.3	5.6
Work in progress	1.3	1.2
	7.6	6.8

The current replacement cost of stocks does not materially exceed the historical costs stated above. There were no stocks and work in progress in the Company.

20. Debtors	The Group		The Company	
	1991 £m	1990 £m	1991 £m	1990 £m
Amounts falling due within one year:				
Trade debtors	62.6	49.5	-	-
Amounts owed by subsidiary undertakings	-	-	46.9	56.1
Other debtors	14.5	12.5	0.3	0.6
Prepayments and accrued income	3.1	1.9	2.6	0.1
	80.2	63.9	49.8	56.8
Amounts falling due after more than one year:				
Other debtors	3.6	3.4	-	-
	83.8	67.3	49.8	56.8

Included in other debtors is £3.3m due from Thames Water Plc (1990 - £3.5m) in respect of assets transferred in a previous year.

21. Creditors: Amounts falling due within one year	The Group		The Company	
	1991 £m	1990 £m	1991 £m	1990 £m
Bank loans, overdrafts and temporary borrowings	11.0	133.2	1.6	122.3
Current portion of long term loans	1.5	0.7	-	-
Obligations under finance leases	1.4	1.3	-	-
Short term borrowings	13.9	135.2	1.6	122.3
Trade creditors	103.0	63.5	2.5	2.8
Receipts in advance	33.7	33.1	-	-
Advance corporation tax	17.2	10.0	17.2	10.0
Other taxation and social security	2.8	2.0	0.9	0.6
Accruals and deferred income	8.0	2.1	6.2	1.5
Proposed dividend	34.5	30.1	34.5	30.1
Other creditors	199.2	140.8	61.3	45.0

22. Loans and Other Borrowings falling due after more than one year	The Group		The Company	
	1991 £m	1990 £m	1991 £m	1990 £m
Repayable wholly within 5 years	3.4	2.5	1.7	-
Repayable by instalments, any one of which is due for repayment after 5 years	71.6	47.3	-	-
Repayable after 5 years	207.1	0.1	207.0	-
	282.1	49.9	208.7	-
Due for repayment as follows:				
Between 1 and 2 years	1.7	2.2	-	-
Between 2 and 5 years	5.5	3.3	1.7	-
After 5 years	274.9	44.4	207.0	-
	282.1	49.9	208.7	-

Notes to the Financial Statements

22. Loans and Other Borrowings falling due after more than one year (continued)

Loans repayable after 5 years include the following:	Amount £m	Interest Rate %	Repayment Date
Index Linked Loan Stock	107.0	5.125	2008
Fixed Rate Bond	100.0	12.0%	2014

The value of the capital and interest elements of the Index Linked Loan Stock are linked to movements in the Retail Price Index. The increase in the capital value during the year (£7.0m) is taken to the profit and loss account as part of interest payable.

Other interest rates are in the range 5.1% to 11.5%. Of the remaining loans and other borrowings, approximately £44.8m are at fixed rates and the remainder are at variable rates.

Loans and other borrowings include £4.8m (1990 - £4.9m) secured on the revenues of the Group. Included in the above are amounts due under finance leases of £1.7m (1990 - £1.7m), payable between one and five years.

23. Other Creditors falling due after more than one year	The Group		The Company	
	1991 £m	1990 £m	1991 £m	1990 £m
Trade creditors	3.1	3.0	-	-
Receipts in advance	2.2	2.6	-	-
Accruals and deferred income	2.9	3.3	2.8	3.3
Deferred grants and contributions	13.8	-	-	-
	22.0	8.9	2.8	3.3

24. Provisions for Liabilities and Charges

The Group	Infrastructure Renewals £m	Restructuring Costs £m	Total £m
	At 31 March 1990	28.9	2.8
Utilised in the year	(8.1)	(1.0)	(9.1)
Charge for the year	36.7	-	36.7
At 31 March 1991	57.5	1.8	59.3
The Company			
At 31 March 1990	-	2.8	2.8
Utilised in the year	-	(1.0)	(1.0)
At 31 March 1991	-	1.8	1.8

25. Deferred Taxation

In accordance with the Group's accounting policy there is no requirement for a provision for deferred taxation at 31 March 1991.

The full potential deferred taxation liability, calculated under the liability method at a tax rate of 33%, is:

	The Group	
	1991 £m	1990 £m
Accelerated capital allowances	73.4	18.3
Other timing differences	(23.7)	(7.1)
Available tax losses	(49.7)	(11.2)
	Nil	Nil

In addition to the amounts set out above, there are the following amounts, calculated at a tax rate of 33%, which will be available to set against the Group's liability on taxable profits arising in future periods:

	1991 £m	1990 £m
Available tax losses	11.9	15.1
Advance corporation tax	27.2	10.0

Also, further capital allowances will become available in respect of infrastructure assets. The allowances will reduce the Group's corporation tax liability over a number of years by £136.1m, assuming a tax rate of 33%.

26. Commitments under Operating Leases

At 31 March 1991 the Group had commitments to make payments during the next 12 months under non-cancellable operating leases which expire as follows:

	1991	
	Land and buildings £m	Other £m
The Group		
Between 1 and 5 years	-	0.3
After 5 years	0.5	-
	0.5	0.3
The Company		
Within 1 year	0.2	-
Between 1 and 5 years	-	0.3
	0.2	0.3

27. Share Capital of Anglian Water Plc

	1991 £m	1990 £m
Authorised		
Ordinary shares of £1 each	400.0	400.0
Special Rights Redeemable Preference Share of £1 (the "Special Share")	-	-
	400.0	400.0
Allotted, issued and fully paid		
Ordinary shares of £1 each	294.7	294.7
Special Rights Redeemable Preference Share of £1	-	-
	294.7	294.7

The Special Shareholder may require the Company to redeem the Special Share at par at any time prior to 31 December 1994 and, unless so redeemed, the Special Share will be redeemed by the Company on 31 December 1994. The Special Share offers no rights to participate in the capital or profits of the Company nor to vote at general meetings, however the Special Shareholder is entitled to repayment in preference to other shareholders and to attend and speak at general meetings. Certain matters require the prior written consent of the Special Shareholder.

The Company's Articles of Association prohibit a person from owning or controlling directly or indirectly the right to cast 15% or more of the votes on a poll at general meetings of the Company during the period to 31 December 1994 or the date of redemption of the Special Share if earlier.

Details of outstanding share options are shown in the Directors' Report on page 31.

28. Profit and Loss Account

	£m
The Group	
At 31 March 1990	839.7
Goodwill written off (see note 18)	(5.6)
Retained profit for the year	83.8
At 31 March 1991	917.9
The Company	
At 31 March 1990	570.7
Loss for the year	(0.5)
At 31 March 1991	570.2

Notes to the Financial Statements

29. Pension Commitments

Pension arrangements for the majority of the Group's employees are of the defined benefit type through Anglian Water Mirror Image Pension Scheme ("AWMIS") and Anglian Water Pension Scheme ("AWPS").

The administration and investment of the pension funds are maintained independently from the finances of the Group.

AWMIS was set up on 1 September 1989 ("vesting") to take over the pension commitments of the Group's predecessor, Anglian Water Authority which were previously covered by the central fund for all water authorities, Water Authorities Superannuation Fund.

Details of the latest actuarial valuations of the two schemes are summarised below.

Basis	AWMIS	AWPS
Date of valuation	31 March 1990	31 March 1989
Actuarial method	Attained age	Projected unit
Main assumptions		
Excess of investment returns over:		
- general salary increases	2.0%	2.0%
- dividend growth	4.5%	4.5%
- annual increases in pensions	3.5%	4.0%
Results		
Market value of assets	£100.0m	£10.5m
Funding level	110%	101%

The pensions charge for the year ended 31 March 1991 was £7.0m (1990 - £5.2m). There were additional pension costs of £2.0m in 1990 arising from the arrangements prior to vesting.

30. Contingent Liabilities

There were contingent liabilities at 31 March 1991 in respect of bridging guarantees amounting to £0.4m (1990 - £0.9m) upon which no material losses are likely to arise.

31. Regulatory Information

Anglian Water Services Limited is required to provide additional financial information relating to its business as a Water and Sewerage Undertaker. Summary extracts of the regulatory information are shown on pages 50 to 52. A full copy of this information is available by application to The Company Secretary, Anglian Water Plc, Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE18 6NZ.

Group Financial History

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PROFIT AND LOSS ACCOUNT	1987 £m	1988 £m	1989 £m	1990 £m	1991 £m
TURNOVER					
Water supply	122.8	131.2	145.8	161.9	196.6
Sewerage services	180.0	191.7	210.4	236.9	256.4
Other trading activities	-	-	0.3	2.5	7.8
	302.8	322.9	356.5	401.3	460.6
OPERATING PROFIT					
Water supply	46.1	39.5	55.2	31.2	46.8
Sewerage services	100.9	113.4	112.3	123.7	123.6
Other trading activities	-	-	-	(0.2)	-
	147.0	152.9	167.5	154.7	170.4
Other income	1.4	2.5	1.7	0.4	0.3
Interest	(96.2)	(96.7)	(95.8)	(69.0)	(18.1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	52.2	58.7	73.4	86.1	152.6
Taxation	-	-	-	(10.0)	(17.2)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	52.2	58.7	73.4	76.1	135.4
Extraordinary items	-	-	(1.2)	(7.7)	-
PROFIT FOR THE FINANCIAL YEAR	52.2	58.7	72.2	68.4	135.4
DIVIDENDS PER ORDINARY SHARE	-	-	-	15.3p*	17.5p
EARNINGS PER ORDINARY SHARE	-	-	-	42.1p*	45.9p
BALANCE SHEET					
Fixed assets	1,112.9	1,190.3	1,279.3	1,425.1	1,596.4
Net current liabilities	(85.0)	(100.5)	(176.8)	(200.2)	(20.4)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,027.9	1,089.8	1,102.5	1,224.9	1,576.0
Creditors: amounts falling due after more than one year	798.8	794.3	738.4	58.8	304.1
Provisions for liabilities and charges	0.4	8.1	4.5	31.7	59.3
Called up share capital	-	-	-	294.7	294.7
Profit and loss account	228.7	287.4	359.6	839.7	917.9
	1,027.9	1,089.8	1,102.5	1,224.9	1,576.0

*Pro-forma basis

The financial information set out above for the three years ended 31 March 1989 is based on the audited financial statements of Anglian Water Authority after making adjustments to eliminate the results and net assets of the NRA, to reflect the consistent application of the accounting policy for infrastructure assets which was adopted during the year ended 31 March 1989 and to ensure consistent presentation of the financial information.

Summary of Regulatory Information for Anglian Water Services Limited

Anglian Water Plc's main subsidiary, Anglian Water Services Limited ("AWS"), is required under its appointment as a Water and Sewerage Undertaker to publish separate financial information in accordance with guidelines issued by the Director General of Water Services. Under these guidelines, the treatment of certain turnover and expenditure items differs from that disclosed in the statutory accounts. This regulatory information is published with the AWS statutory accounts, a copy of which is available on request. Summary extracts from those accounts are shown on pages 50 to 52. This page illustrates the breakdown of AWS' operating profits by principal service. The AWS historic cost balance sheet is shown on page 51.

The Director General also requires certain current cost information to judge the financial performance of the regulated business. A summary current cost profit and loss account and balance sheet which have been prepared in accordance with the guidelines issued by the Director General are shown on page 52.

Profit and loss account for the year ended 31 March 1991

TURNOVER	Appointed Business		Non Appointed Business £m	Total £m
	Water Supply £m	Sewerage Services £m		
Measured	57.0	37.2	-	94.2
Unmeasured	116.3	195.4	-	311.7
Trade effluent	-	13.5	-	13.5
Grants	0.3	-	-	0.3
Non tariff basket charges	9.7	4.8	-	14.5
Rechargeable work	10.4	0.1	0.1	10.6
Services charged to associated companies	-	0.1	0.1	0.2
Other	2.4	5.3	0.9	8.6
Total Turnover	196.1	256.4	1.1	453.6

EXPENDITURE	Appointed Business			Sewerage Services £m	Non Appointed Business £m	Total £m
	Water Supply £m	Sewerage £m	Sewage Treatment & Disposal £m			
Manpower costs	25.9	4.3	22.8	27.1	0.5	53.5
Other costs of employment	1.8	0.4	1.6	2.0	-	3.8
Power	13.3	1.0	7.7	8.7	-	22.0
Rates	14.2	0.2	8.2	8.4	-	22.6
Service charges	6.3	-	-	-	-	6.3
Local authority sewerage agencies	-	8.8	-	8.8	-	8.8
Materials and consumables	15.9	1.5	9.3	10.8	0.5	27.2
Hired and contracted services	9.3	1.9	12.4	14.3	0.2	23.8
Services sub-contracted from associated companies	14.8	7.1	12.3	19.4	-	34.2
Doubtful debts	1.6	0.8	1.5	2.3	-	3.9
Discounts	0.9	0.4	0.8	1.2	-	2.1
Other costs	3.4	1.0	2.9	3.9	0.2	7.5
	107.4	27.4	79.5	106.9	1.4	215.7
Depreciation	11.2	4.7	17.6	22.3	-	33.5
Infrastructure renewals expenditure	6.3	1.6	0.2	1.8	-	8.1
Infrastructure renewals accrual	25.6	3.0	-	3.0	-	28.6
TOTAL OPERATING COSTS	150.5	36.7	97.3	134.0	1.4	285.9
OPERATING PROFIT	45.6			122.4	(0.3)	167.7
Other income (including interest receivable)						3.7
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST PAYABLE						171.4

**Summary of Regulatory Information for
Anglian Water Services Limited**

Anglian Water Plc Annual Report - 1991

Balance Sheet at 31 March 1991	1991 £m
FIXED ASSETS	
Tangible assets	1,575.4
Investments	2.7
	1,578.1
CURRENT ASSETS	
Stocks and work in progress	6.5
Debtors	79.1
	85.6
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	
Short term borrowings	(8.8)
Other creditors	(184.9)
	(193.7)
NET CURRENT LIABILITIES	(108.1)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,470.0
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	
Loans and other borrowings	(180.2)
Other creditors	(19.1)
	(199.3)
PROVISION FOR LIABILITIES AND CHARGES	(57.5)
	1,213.2
CAPITAL AND RESERVES	
Called up share capital	860.0
Profit and loss account	353.2
	1,213.2

The balance sheet includes the Non-Appointed assets and liabilities of AWS. These are not sufficiently material to warrant separate disclosure.

Summary of Regulatory Information for Anglian Water Services Limited

Current cost profit and loss account for the year ended 31 March 1991	Appointed Business		Non Appointed Business £m	1991 Total £m
	Water Supply £m	Sewerage Services £m		
TURNOVER	196.1	256.4	1.1	453.6
HISTORICAL COST OPERATING PROFIT	45.6	122.4	(0.3)	167.7
Other income (Including Interest receivable)	1.6	2.1	-	3.7
Current cost operating adjustments	(10.1)	(18.7)	-	(28.8)
CURRENT COST OPERATING PROFIT	37.1	105.8	(0.3)	142.6
Interest payable				(18.3)
Financing adjustment				15.1
CURRENT COST PROFIT BEFORE TAXATION				139.4
Taxation				-
NET CURRENT COST PROFIT				139.4
Dividends				(68.8)
CURRENT COST PROFIT RETAINED				70.6

Current cost balance sheet at 31 March 1991

	1991 £m
ASSETS EMPLOYED	
Fixed assets	10,714.6
Third party contributions since 31 March 1990	(78.0)
	10,636.6
Working capital	(116.5)
NET OPERATING ASSETS	10,520.1
Investments	2.7
Non-trade creditors due within one year	(54.4)
Creditors due after one year	(180.2)
NET ASSETS EMPLOYED	10,288.2
FINANCED BY	
Called up share capital	830.0
Current cost reserves	9,428.2
	10,288.2

The balance sheet includes the Non-Appointed assets and liabilities of AWS. These are not sufficiently material to warrant separate disclosure.

Directory of Addresses

Anglian Water Plc

Anglian House*
Ambury Road
Huntingdon
Cambridgeshire
PE18 6NZ

Tel: Huntingdon (0480) 443000

*Also

**Anglian Water Engineering and
Business Systems Limited**
**Anglian Water
Commercial Developments Limited**

**Anglian Engineering
Services Limited**

Prickwillow Road
Ely
Cambridgeshire
CB7 4TX

Tel: Ely (0353) 665884

Farm Gas Limited

Industrial Estate
Bishop's Castle
Shropshire
SY9 5AQ

Tel: Bishop's Castle (0588) 638577

F. Smith & Son (Grimsby) Limited

Chelmsford Avenue
Grimsby
South Humberside
DN34 4SB

Tel: Grimsby (0472) 346777

Anglian Water Services Limited

Compass House
Chivers Way
Histon
Cambridge
CB4 4ZY

Tel: Cambridge (0223) 372000

Northern Division
Waterside House
Waterside North
Lincoln
LN2 5HA

Tel: Lincoln (0522) 557000

Southern Division
33 Sheepen Road
Colchester
Essex
CO3 3LB

Tel: Colchester (0206) 774000

Eastern Division
Yare House
62/64 Thorpe Road
Norwich
NR1 1SA

Tel: Norwich (0603) 225000

Western Division
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Oundle
Peterborough
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Tel: Oundle (0832) 276000

