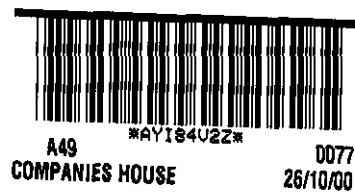


ALCONTROL LIMITED
DIRECTORS' REPORT AND ACCOUNTS
for the year ended
31 March 2000
Registered Number 3028361



ALCONTROL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2000

The directors present their report and the audited financial statements for the year ended 31 March 2000.

PRINCIPAL ACTIVITIES

The company's principal activity during the year was providing environmental analysis services for clean water, effluent, contaminated land, food and air.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Alcontrol Limited is an analytical laboratory providing a comprehensive analysis capability to clients in the environmental, food, emissions monitoring and water industries. Together with similar operations in Holland and Sweden, Alcontrol Limited is a part of one of the largest independent environmental and food analysis organisations in Europe.

Prior to 1 December 1999 Alcontrol was a trading division of White Rose Environmental Limited (formerly Yorkshire Environmental Solutions Limited). On 1 December 1999 the assets and liabilities of Alcontrol were transferred at book value into Alcontrol Limited. Consequently, the first eight months trading to 30 November 1999 are included within the results of White Rose Environmental Limited and the last four months within the results of Alcontrol Limited. Prior to 1 December 1999 Alcontrol Limited was a non-trading company.

On 21 September 1999 Alcontrol acquired the whole of the issued share capital of Geochem Group Limited, a soils testing laboratory, based in Chester.

RESULTS AND DIVIDENDS

The company's loss for the financial year is £6,825 (1999: £Nil). The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year are given below:

| | |
|-------------------------|--|
| GHW Baalhuis (Chairman) | (appointed: 18 August 1999) |
| A Bondswell | (appointed: 18 August 1999) |
| C Boyes | (appointed: 18 August 1999) |
| GM Johnson (Mrs) | (appointed: 21 January 2000) |
| IG Knight | |
| JH Newman | (appointed: 21 January 2000) |
| Dr K Bond | (appointed: 21 January 2000, resigned 10 April 2000) |
| DJ Brimblecombe | (resigned: 18 August 1999) |

The interests of the directors, holding office at 31 March 2000, in the shares of Kelda Group plc, the ultimate parent company, are:-

| | <u>Ordinary shares of 15 5/9p each</u> | |
|-----------|--|--|
| | At 31 March 2000 | At 31 March 1999 or, if later, date of appointment |
| C Boyes | 9,100 | 9,100 |
| IG Knight | 36,446 | 31,374 |

ALCONTROL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2000

DIRECTORS AND THEIR INTERESTS (CONTINUED)

| <u>Options to acquire ordinary shares</u> | | | | | | | | | |
|---|--|------------------------------------|--------------------------------------|-----------------------------------|---------------------------------|-------------------------------|---|-------------------------------------|------------------------------------|
| | <u>At 1 April 1999 or, if later, date of appointment</u> | <u>Granted during year</u> | <u>Exercised during year</u> | <u>Lapsed during year</u> | <u>At 31 March 2000</u> | <u>Exercise price (p)</u> | <u>Market Price at date of exercise (p)</u> | <u>Date options exercisable</u> | <u>Date options expire</u> |
| A Bondswell | 2,119 | - | - | 2,119 | - | 457.0 | - | 1.3.2002 | 31.8.2002 |
| GM Johnson (Mrs) | 4,036 | - | - | - | 4,036 | 240.0 | - | 1.3.2003 | 31.8.2003 |
| IG Knight | 5,072 | - | 5,072 | - | - | 204.0 | 271.25 | 1.3.2000 | 31.8.2000 |
| | 661 | - | - | - | 661 | 295.0 | - | 1.5.2000 | 31.10.2000 |
| | 423 | - | - | 423 | - | 457.0 | - | - | - |
| | - | 3,229 | - | - | 3,229 | 240.0 | - | 1.3.2003 | 31.8.2003 |

Long Term Incentive Plan of Kelda Group plc

Interests of the directors in the plan are:

| | <u>At 31 March 1999 or, if later, date of appointment</u> | <u>Granted during year</u> | <u>At 31 March 2000</u> |
|------------------|---|----------------------------|-------------------------|
| GM Johnson (Mrs) | 8,462 | - | 8,462 |
| IG Knight | 3,401 | 4,565 | 7,966 |

Details of the plan are set out in the Kelda Group plc Annual Report and Accounts 2000.

The interests of Messrs J Newman and Dr K Bond, who are also directors of the ultimate parent company, Kelda Group plc, are shown in the annual report of that company.

EMPLOYEE INVOLVEMENT

It is company policy to keep employees informed of matters affecting their interests through normal management channels and due consideration is given to their interests in making management decisions.

DISABLED PERSONS

The policy of the company with regard to the employment of disabled persons is to provide equal opportunities with other employees to train for, and attain, any position in the company having regard to the maintenance of a safe working environment and the constraints of their disabilities. Close attention is given to welfare of employees with regard to the requirements of health and safety.

YEAR 2000

The implementation of the company's Year 2000 programme was completed successfully. No disruption to the business operations occurred, nor is any expected to occur, as a result of the date change. The costs incurred and expensed during the year for the company's Year 2000 programme were £22,805.

ALCONTROL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2000

PAYMENT OF SUPPLIERS

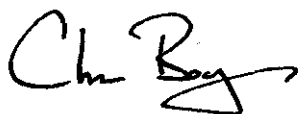
The company's policy on the payment of suppliers is to ensure that all payments are made in accordance with agreed terms and conditions. Trade creditors at the year-end represented 39 days purchases.

AUDITORS

The auditors, Ernst & Young, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

C Boyes
Director



3 October 2000

Registered Office:

2 The Embankment
Sovereign Street
Leeds LS1 4BG

ALCONTROL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- (i) select suitable accounting policies and apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (iv) prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the presentation and detection of fraud and other irregularities.

ALCONTROL LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF ALCONTROL LIMITED

We have audited the accounts on pages 6 to 17, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2000 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Leeds

3 October 2000

ALCONTROL LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2000**

| | Notes | 2000 £ | 1999 £ |
|--|-------|--------------------|-----------|
| TURNOVER | | 3,820,260 | - |
| Operating costs | 2 | <u>(3,676,203)</u> | <u>-</u> |
| OPERATING PROFIT | | 144,057 | - |
| Net interest payable and similar income | 5 | <u>(27,781)</u> | <u>-</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 116,276 | - |
| Tax on profit on ordinary activities | 6 | <u>(123,101)</u> | <u>-</u> |
| RETAINED LOSS FOR THE FINANCIAL YEAR | | <u>(6,825)</u> | <u>-</u> |

There are no recognised gains or losses other than the loss for the financial year.

ALCONTROL LIMITED

BALANCE SHEET AT 31 MARCH 2000

| | Notes | 2000 £ | 1999 £ |
|--|-------|--------------|-----------|
| FIXED ASSETS | | | |
| Intangible assets | 7 | 19,370 | - |
| Tangible assets | 8 | 8,054,749 | - |
| Investments | 9 | 4,452,630 | - |
| | | <hr/> | <hr/> |
| | | 12,526,749 | - |
| | | <hr/> | <hr/> |
| CURRENT ASSETS | | | |
| Stocks | 10 | 142,634 | - |
| Debtors | 11 | 2,439,936 | 2 |
| Cash at bank and in hand | | 51,252 | - |
| | | <hr/> | <hr/> |
| | | 2,633,822 | 2 |
| | | <hr/> | <hr/> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | | |
| Short-term borrowings | 12 | (331,720) | - |
| Other creditors | 13 | (13,913,746) | - |
| | | <hr/> | <hr/> |
| | | (14,245,466) | - |
| | | <hr/> | <hr/> |
| NET CURRENT LIABILITIES | | (11,611,644) | 2 |
| | | <hr/> | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 915,105 | 2 |
| | | <hr/> | <hr/> |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | | | |
| Long-term borrowings | 14 | (847,559) | - |
| PROVISIONS FOR LIABILITIES AND CHARGES | 15 | (74,369) | - |
| | | <hr/> | <hr/> |
| NET (LIABILITIES)/ASSETS | | (6,823) | 2 |
| | | <hr/> | <hr/> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 2 | 2 |
| Profit and loss account | 17 | (6,825) | - |
| | | <hr/> | <hr/> |
| TOTAL EQUITY SHAREHOLDERS' FUNDS | | (6,823) | 2 |
| | | <hr/> | <hr/> |

C Boyes
Director



3 October 2000

ALCONTROL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2000

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company is exempt from preparing group accounts by virtue of Section 228 of the Company's Act 1985. The company is included in the consolidated accounts of Kelda Group plc.

(c) Turnover

Turnover comprises charges to external customers for services rendered, excluding value added tax, arising solely within the UK.

(d) Pensions

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the period benefiting from the employees' service.

(e) Deferred taxation

No provision is made for deferred taxation unless there is a reasonable probability that a liability will occur in the foreseeable future. Deferred tax assets are carried forward to the extent that they are expected to be recoverable without replacement by equivalent assets.

(f) Fixed assets held under leases

Assets which are financed by leasing agreements that transfer substantially all the risks and rewards of ownership to the company are capitalised and depreciated over the shorter of their estimated useful lives and the term of the lease. The liability to the leasing company is included within borrowings.

All other leases are operating leases and the rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

(g) Other tangible assets

Other tangible assets are included at cost less accumulated depreciation.

(h) Depreciation

Depreciation is charged, where appropriate, on the original cost of assets on a straight-line basis over the estimated economic lives of the assets.

Freehold land is not depreciated.

ALCONTROL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2000 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Depreciation is charged from the date of commissioning of assets and the principal economic lives used are:

| | |
|----------------------------|----------------|
| Buildings | 25 to 60 years |
| Plant & Machinery | 3 to 5 years |
| Fixtures, Fittings & Tools | 3 to 5 years |

(i) Research and development expenditure

Development expenditure is deferred until the project to which it relates commences commercial operations, when the total development costs will be amortised over the life of the project. Deferred development expenditure is included in the balance sheet as an intangible asset.

(j) Stocks

Stocks are stated at the lower of cost and estimated net realisable value. Cost includes labour, materials and an appropriate proportion of overheads.

(k) Foreign currencies

Individual transactions denominated in foreign currencies are translated into sterling at the actual exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date, or if applicable, at the forward exchange rate. Profits and losses on both individual foreign currency transactions settled during the year and unsettled monetary assets and liabilities are dealt with in the profit and loss account.

2. OPERATING COSTS

| | 2000 £ | 1999 £ |
|---|------------------|-----------|
| Change in stocks of finished goods and work in progress | 142,634 | - |
| Raw materials and consumables | 554,295 | - |
| Wages and salaries | 1,390,151 | - |
| Social security costs | 116,296 | - |
| Other pension costs | 36,497 | - |
| Depreciation: | | |
| - owned assets | 275,474 | - |
| - leased assets | 2,200 | - |
| Operating lease rentals: | | |
| - plant and machinery | 11,683 | - |
| Auditors' remuneration: | | |
| - audit services | 12,000 | - |
| Loss on disposal of fixed assets | 1,982 | - |
| Other operating charges | 1,132,991 | - |
| | <u>3,676,203</u> | <u>-</u> |

ALCONTROL LIMITED**NOTES TO THE ACCOUNTS - 31 MARCH 2000 (CONTINUED)****3. DIRECTORS' EMOLUMENTS**

During the period of trading none of the directors received any emoluments from Alcontrol Limited as their remuneration was borne by another group company.

4. EMPLOYEE INFORMATION

| | 2000 | 1999 |
|---|------------|----------|
| The average weekly number of employees during the year was: | | |
| By activity: | | |
| Production | 218 | - |
| Selling and distribution | 21 | - |
| Administration | 20 | - |
| | <u>259</u> | <u>-</u> |

5. NET INTEREST PAYABLE AND SIMILAR INCOME

| | 2000 £ | 1999 £ |
|---|---------------|-----------|
| Interest payable on: | | |
| Bank loans and overdrafts | 1,122 | - |
| Interest element of finance lease rentals | 378 | - |
| Interest payable to group undertakings | 80,881 | - |
| Other interest payable | 10,344 | - |
| | <u>92,725</u> | <u>-</u> |
| Interest receivable on: | | |
| Bank loans and overdrafts | (2,172) | - |
| Foreign exchange differences | (62,772) | - |
| | <u>27,781</u> | <u>-</u> |

ALCONTROL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2000 (CONTINUED)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2000 £ | 1999 £ |
|---|----------------|-----------|
| Taxation on the profit for the year: | | |
| UK corporation tax at 30% (1999: 31%) | 48,732 | - |
| Deferred taxation (see note 15) | 74,369 | - |
| | <u>123,101</u> | <u>-</u> |

The effective rate of tax is higher than the standard rate of tax because of the effects of movements in deferred tax not previously provided for.

7. INTANGIBLE FIXED ASSETS

| | <u>Total</u> £ |
|--|-------------------|
| COST | |
| At 1 April 1999 | - |
| Transferred from fellow subsidiary undertaking | 31,690 |
| Additions | <u>-</u> |
| At 31 March 2000 | <u>31,690</u> |
| AMORTISATION | |
| At 1 April 1999 | - |
| Transferred from fellow subsidiary undertaking | (8,800) |
| Provision for the year | <u>(3,520)</u> |
| At 31 March 2000 | <u>(12,320)</u> |
| NET BOOK AMOUNT | |
| At 31 March 2000 | <u>19,370</u> |
| At 31 March 1999 | <u>-</u> |

ALCONTROL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2000 (CONTINUED)

8. TANGIBLE FIXED ASSETS

| | Land and Buildings £ | Plant And Machinery £ | Fixtures And Fittings £ | Total £ |
|--|-------------------------------|--------------------------------|----------------------------------|------------|
| COST | | | | |
| At 1 April 1999 | - | - | - | - |
| Transferred from fellow subsidiary undertaking | 6,413,684 | 4,647,576 | 1,422,026 | 12,483,286 |
| Additions | 1,400 | 219,436 | - | 220,836 |
| Disposals | - | (29,844) | (72,423) | (102,267) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 March 2000 | 6,415,084 | 4,837,168 | 1,349,603 | 12,601,855 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| DEPRECIATION | | | | |
| At 1 April 1999 | - | - | - | - |
| Transferred from fellow subsidiary undertaking | 452,363 | 2,846,557 | 997,481 | 4,296,401 |
| Charge for the year | 47,693 | 188,359 | 41,622 | 277,674 |
| Disposals | - | (26,969) | - | (26,969) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 March 2000 | 500,056 | 3,007,947 | 1,039,103 | 4,547,106 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| NET BOOK AMOUNT | | | | |
| At 31 March 2000 | 5,915,028 | 1,829,221 | 310,500 | 8,054,749 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 March 1999 | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |

The net book amount of land and buildings is wholly comprised of Freehold Premises.

Assets held under finance leases and capitalised in plant and machinery:

| | 2000 £ | 1999 £ |
|------------------------|-----------|-----------|
| Cost | 26,390 | - |
| Aggregate depreciation | (21,443) | - |
| | <hr/> | <hr/> |
| NET BOOK AMOUNT | 4,947 | - |
| | <hr/> | <hr/> |

ALCONTROL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2000 (CONTINUED)

9. INVESTMENTS

| | <u>Subsidiary Undertakings</u> £ |
|--|---|
| COST | |
| At 1 April 1999 | - |
| Transferred from fellow subsidiary undertaking | 306,233 |
| Additions | 4,146,397 |
| | <hr/> |
| At 31 March 2000 | 4,452,630 |
| | <hr/> |

The company's subsidiary undertakings are as follows:

| | <u>Country of Incorporation</u> | <u>Nature of Business</u> | <u>Proportion of issued equity capital held</u> |
|----------------------------|-------------------------------------|-------------------------------|---|
| Geochem Group Limited | England | Soils Analysis | 100% |
| ACS Foods Analysis Limited | England | Food Analysis | 100% |

In the opinion of the directors the value of the companies investments exceeds the amount at which they are held in the balance sheet

10. STOCKS

| | 2000 £ | 1999 £ |
|-------------------------------|----------------|-----------|
| Raw materials and consumables | <u>142,634</u> | <u>-</u> |

ALCONTROL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2000 (CONTINUED)

11. DEBTORS

| | 2000 £ | 1999 £ |
|-------------------------------------|-----------|-----------|
| Debtors due within one year: | | |
| Trade debtors | 1,371,374 | - |
| Amounts owed by group undertakings | 477,368 | 2 |
| Other debtors | 13,367 | - |
| Prepayments and accrued income | 577,827 | - |
| | <hr/> | <hr/> |
| | 2,439,936 | 2 |
| | <hr/> | <hr/> |

12. SHORT-TERM BORROWINGS

| | 2000 £ | 1999 £ |
|--|-----------|-----------|
| Repayable within one year or on demand: | | |
| Finance leases | 4,320 | - |
| Other loans | 327,400 | - |
| | <hr/> | <hr/> |
| | 331,720 | - |
| | <hr/> | <hr/> |

13. OTHER CREDITORS

| | 2000 £ | 1999 £ |
|--|------------|-----------|
| AMOUNTS FALLING DUE WITHIN ONE YEAR | | |
| Trade creditors | 1,006,322 | - |
| Amounts owed to group undertakings | 12,164,217 | - |
| Other creditors including taxation and social security | 311,536 | - |
| Accruals and deferred income | 431,671 | - |
| | <hr/> | <hr/> |
| | 13,913,746 | - |
| | <hr/> | <hr/> |

ALCONTROL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2000 (CONTINUED)

14. LONG-TERM BORROWINGS

| | 2000 £ | 1999 £ |
|---|----------------|-----------|
| Maturing between one and two years: | | |
| Finance leases | 2,159 | - |
| Maturing between two and five years: | | |
| Other loans | 845,400 | - |
| | <u>847,559</u> | <u>-</u> |

15. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation during the current and previous years are as follows:

| | 2000 £ | 1999 £ |
|----------------------------------|---------------|-----------|
| At 1 April | - | - |
| Charge for the year (see note 6) | <u>74,369</u> | <u>-</u> |
| At 31 March | <u>74,369</u> | <u>-</u> |

Deferred taxation provided in the accounts and the amounts not provided are as follows:

| | Provided | | Not provided | |
|--------------------------------|---------------|-----------|----------------|-----------|
| | 2000 £ | 1999 £ | 2000 £ | 1999 £ |
| Accelerated capital allowances | <u>74,369</u> | <u>-</u> | <u>650,370</u> | <u>-</u> |

ALCONTROL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2000 (CONTINUED)

16. CALLED UP SHARE CAPITAL

| | 2000 <u>Number</u> | 2000 Nominal <u>value</u> £ | 1999 <u>Number</u> | 1999 Nominal <u>Value</u> £ |
|---|-----------------------|--------------------------------------|-----------------------|--------------------------------------|
| AUTHORISED | | | | |
| Ordinary shares of £1 each | 1,000 | 1,000 | 1,000 | 1,000 |
| ALLOTTED, CALLED UP AND FULLY PAID | | | | |
| Ordinary shares of £1 each | <u>2</u> | <u>2</u> | <u>2</u> | <u>2</u> |

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

| | Called up share <u>capital</u> £ | Profit and <u>loss account</u> £ | <u>Total</u> £ |
|-----------------------------|---|--|-------------------|
| At 1 April 1999 | 2 | - | 2 |
| Loss for the financial year | - | (6,825) | (6,825) |
| At 31 March 2000 | <u>2</u> | <u>(6,825)</u> | <u>(6,823)</u> |

18. CASH FLOW STATEMENT

The company is a wholly owned subsidiary of Kelda Group plc and is included in the consolidated financial statements of Kelda Group plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

ALCONTROL LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2000 (CONTINUED)

19. PENSION COMMITMENTS

The Company participates in the Water Mirror Image Pension Scheme (WMIS) and the Water Pension Scheme (WPS). These are funded, defined benefit schemes and the last actuarial valuation was carried out as at 31 March 1998. Details of these valuations are contained in the accounts of Kelda Group plc.

The company also participated in the Group Personal Pension Plan, a defined contribution scheme, operated by Kelda Group plc.

20. CAPITAL COMMITMENTS

There are no capital commitments at 31 March 2000 or 31 March 1999.

21. FINANCIAL COMMITMENTS

At 31 March 2000, the company had annual commitments under non-cancellable operating leases expiring as follows:

| | 2000 | 1999 |
|-----------------|---------------|----------|
| | £ | £ |
| Within one year | <u>40,001</u> | <u>-</u> |

22. RELATED PARTY TRANSACTIONS

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of Kelda Group plc or investors of Kelda Group plc.

23. ULTIMATE PARENT UNDERTAKING

The company's immediate and ultimate parent undertaking and controlling party is Kelda Group plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Kelda Group plc consolidated financial statements can be obtained from the Company Secretary at 2 The Embankment, Sovereign Street, Leeds LS1 4BG.