

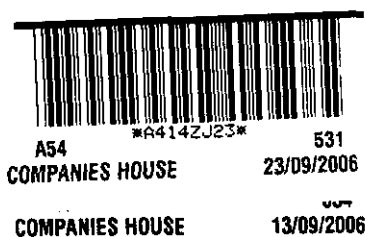
4328831

Welsh Water Pension Trustee Limited

Directors' report and financial statements
for the year to 31 March 2006

Registered office:

Pentwyn Road
Nelson
Treharris
Mid Glamorgan
CF46 6LY



Contents

Page

Directors	1
Directors' report	2
Directors' responsibilities for the financial statements	3
Balance sheet as at 31 March 2006	4
Notes to the financial statements	5

Directors

Directors

P M Davis

P J Edwards

Z V Harcombe

(Appointed 22 November 2005)

M P Henderson

T P Jones

Company secretary

R G Curtis

Directors' report

The directors submit their report together with the financial statements for the year to 31 March 2006.

Principal activity

The company has not traded throughout the whole of the period noted above. Accordingly no income statement has been presented.

Directors

The names of the directors of the company, who served during the year, are shown on page 1.

No director had any interest in the share capital of the company, or its parent company, at any time during the year.

By order of the Board



R Curtis
Company Secretary

7 June 2006

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Annual Report and the Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Company financial statements for each financial year. They have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU.

The Company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the Company and of the performance for that period; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- 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 at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report that complies with that law and those regulations.

By order of the Board



R Curtis
Company Secretary

7 June 2006

Balance sheet as at 31 March 2006

	Note	2006 £	2005 £
Current assets			
Debtors	2	1	1
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	3	1	1
Equity shareholders' funds	4	<u>1</u>	<u>1</u>

For the year ended 31 March 2006 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

Members have not required the company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

i. ensuring the company keeps accounting records which comply with section 221; and

ii. preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The financial statements on pages 4 to 6 were approved by the Directors on 7 June 2006 and were signed on its behalf by:

PM Davis

P M Davis
Director

Z V Harcombe
Director

Zoe V Harcombe

Notes to the financial statements

1 Principal accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union and those parts of the Companies Act 1985 applicable to reporting under IFRS.

Changes in accounting policies

The accounting policies and basis of preparation differ from those set out in the Report and Accounts for the year ended 31 March 2005, which were prepared in accordance with United Kingdom accounting standards and the Companies Act 1985 (UK GAAP).

As set out in note 6 however, there are no differences to the comparative figures presented in these Report and Accounts and the previously reported UK GAAP comparatives.

Basis of accounting

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

2 Debtors

	2006 £	2005 £
Authorised		
Amounts owed by immediate parent company	1	1

3 Called up share capital

	2006 £	2005 £
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid:		
1 ordinary shares of £1 each	1	1

4 Reconciliation of movements in shareholders funds

	2006 £	2005 £
At beginning of period and end of period	1	1

Notes to the financial statements

5 Immediate and Ultimate Holding Company

The immediate holding company is Dwr Cymru Cyfyngedig and the ultimate holding company and controlling party is Glas Cymru Cyfyngedig, both of which are registered in England and Wales. The largest and smallest group within which the results of the company are consolidated is that headed by Glas Cymru Cyfyngedig whose consolidated financial statements can be obtained from the Company Secretary at Pentwyn Road, Nelson, Treharris, Mid Glamorgan, CF46 6LY.

6 Reconciliation of net assets and profit under UK GAAP to IFRS

The company reported under UK GAAP in its previously published financial statements for the year ended 31 March 2005. Net assets and profit as reported under UK GAAP at 31 March 2005 are not significantly different to that under IFRS. In addition, net assets at 1 April 2004, the date of transition to IFRS, are not significantly different under IFRS to that presented under UK GAAP. Therefore, no reconciliations between UK GAAP and IFRS have been presented for these dates.
