

FUSION METERS LIMITED

**ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2000**

Company No 2569703



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FUSION METERS LIMITED

To: Each member of the Company

NOTICE UNDER COMPANIES ACT 1985, S 253(1)

The members of the Company have passed an elective resolution in accordance with section 252 of the Companies Act 1985 (as amended) (the "Act") the effect of which is that the Company has dispensed with the laying of accounts and reports before the Company in general meeting.

This notice is accompanied by a copy of the accounts and reports of the Company for the year ended 31st March 2000, which are sent to you in accordance with sections 238 and 253 of the Act.

Section 253(2) of the Act gives to each member of the Company the right to require the laying of the accounts and reports before a general meeting. Such right is exercisable by a member giving notice in writing to that effect deposited at the registered office of the Company before the end of the period of 28 days commencing with the date below (being the date on which the accompanying accounts and reports were sent to members). The text of section 253, which sets out the detailed rights of members in this connection, is set out below for your information.

Dated 5 June 2000

By order of the Board



Secretary

Registered office: 2297 Coventry Road, Birmingham, B26 3PU.

Section 253 of the Companies Act 1985 (As amended)

- (1) Where an election under section 252 is in force, the copies of the accounts and reports sent out in accordance with section 238(1) –
 - (a) shall be sent not less than 28 days before the end of the period allowed for laying and delivering accounts and reports, and
 - (b) shall be accompanied, in the case of a member of the company, by a notice informing him of his right to require the laying of the accounts and reports before a general meeting;and section 238(5) (penalty for default) applies in relation to the above requirements as to the requirements contained in that section.
- (2) Before the end of the period of 28 days beginning with the day on which the accounts and reports are sent out in accordance with section 238(1), any member or auditor of the company may by notice in writing deposited at the registered office of the company require that a general meeting be held for the purpose of laying the accounts and reports before the company.
- (3) If the directors do not within 21 days from the date of the deposit of such a notice proceed duly to convene a meeting, the person who deposited the notice may do so himself.
- (4) A meeting so convened shall not be held more than three months from that date and shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by directors.
- (5) Where the directors do not duly convene a meeting, any reasonable expenses incurred by reason of that failure by the person who deposited the notice shall be made good to him by the company, and shall be recouped by the company out of any fees, or other remuneration in respect of their services, due or to become due to such of the directors as were in default.
- (6) The directors shall be deemed not to have duly convened a meeting if they convene a meeting for a date more than 28 days after the date of the notice convening it.

ANNUAL REPORT & ACCOUNTS**DIRECTORS' REPORT**

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

Principal activities and business review

The principal activity of the Company is the design, manufacture and distribution of System EQUITY, a state-of-the-art electronic water meter with no moving parts. System EQUITY will never wear out like rival mechanical meters, is highly accurate for life and can be guaranteed in operation for many years.

The Company also manufactures the most advanced line of telemetry and data communications products in the utility industry. Talisman brand data acquisition, transmission and collection products work with metering systems offered by all the world's metering companies, not just those produced by Fusion Meters Limited.

Research and Development expenditure

The Company invests in Research and Development in order to develop products, processes and techniques that will enable it to secure its future as a market leader in sectors of the electronic meter market. In the year to 31 March 2000 the Company's expenditure on Research and Development was £321,238 (1999 - £294,845).

Results and dividends

The profit for the year after taxation amounted to £371,537 (1999 - £980,296). The Directors do not recommend payment of a dividend (1999 - £nil). The profit has been transferred to reserves.

Directors and their interests

Mr I.J. Hislop resigned from the board of directors on 31 March 2000.

According to the register required to be kept under Section 325 of the Companies Act 1985, no directors held shares in the Company as at 31st March 2000.

The directors who held office during the year under review and up to the date of this report together with their shareholdings in the ultimate parent undertaking Severn Trent Plc were as follows:

Share holding	Balance as at 1.4.1999		Balance as at 31.3.2000	
	Ordinary shares of 65 5/19 pence each	B shares of 38 pence each	Ordinary shares of 65 5/19 pence each	B shares of 38 pence each
E.A.W. Dunkey	Nil	Nil	Nil	Nil
G.G. Archibald	3,939	62	6,787	62
R.K. Peace	316	62	316	62
K.J.C. Cameron	Nil	Nil	Nil	Nil
D.W. Reynolds	Nil	Nil	Nil	Nil

ANNUAL REPORT & ACCOUNTS**DIRECTORS' REPORT****Directors and their interests (continued)**

Options were granted and exercised in accordance with the Severn Trent Executive Share Option Scheme and the Severn Trent Sharesave Scheme as appropriate. Details of prices and periods within which options are exercised can be found in the accounts of Severn Trent Plc.

Executive Share Option Scheme	Balance as at 1.4.1999	Exercised during the year	Lapsed during the year	Granted during the year	Balance as at 31.3.2000
E.A.W. Dunkey	Nil	Nil	Nil	Nil	Nil
G.G. Archibald	5,479	Nil	Nil	2,682	8,161
R.K. Peace	700	Nil	Nil	Nil	700
K.J.C. Cameron	Nil	Nil	Nil	Nil	Nil
D.W. Reynolds	Nil	Nil	Nil	Nil	Nil

Sharesave Scheme	Balance as at 1.4.1999	Exercised during the year	Lapsed during the year	Granted during the year	Balance as at 31.3.2000
E.A.W. Dunkey	Nil	Nil	Nil	Nil	Nil
G.G. Archibald	6,236	2,801	Nil	2,048	5,483
R.K. Peace	Nil	Nil	Nil	Nil	Nil
K.J.C. Cameron	Nil	Nil	Nil	Nil	Nil
D.W. Reynolds	Nil	Nil	Nil	Nil	Nil

Mr Peace has further interests in Severn Trent Plc Ordinary Shares of 65 5/19 pence by virtue of having received contingent awards of shares under the Severn Trent Plc Long Term Incentive Plan (the "Plan") on 23 September 1997, 30 July 1998, and 30 July 1999. The Plan operates on a three year rolling basis. The Severn Trent Employee Share Ownership Trust is operated in conjunction with the Plan. Awards do not vest until they have been held in the trust for three years and specific performance criteria have been satisfied. The performance criteria are based on the Total Shareholder Return of Severn Trent Plc compared to the Total Shareholder Return of a number of other privatised utility companies. The individual interests, which represent the maximum aggregate number of shares to which each individual could become entitled, are as follows:

Long Term Incentive Plan	Balance as at 1.4.1999	Granted during the year	Balance as at 31.3.2000
E.A.W. Dunkey	Nil	Nil	Nil
G.G. Archibald	Nil	Nil	Nil
R.K. Peace	5,729	5,112	10,841
K.J.C. Cameron	Nil	Nil	Nil
D.W. Reynolds	Nil	Nil	Nil

The performance period for the contingent awards of shares made in 1997 ended on 31 March 2000. Subsequent to this, Mr Peace has become entitled to 2,185 shares which represents 75% of the 1997 contingent award included in the above table.

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DIRECTORS' REPORT

Statement of directors' responsibilities

The directors are required by the UK Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider applicable have been followed, subject to any explanations and any material departures disclosed in the notes to the financial statements.

The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the UK Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the asset of the Company and to prevent and detect fraud and any other irregularities.

Year 2000 and Euro

Projects for preparing systems and other applications for the Year 2000 and the introduction of the Euro are co-ordinated on a group wide basis by the ultimate parent company. Further details of the actions that have and are being taken by the group to address these issues are disclosed in the Report and Accounts of Severn Trent Plc for the year ended 31 March 2000. No significant costs have been incurred by the company in connection with either project.

Auditors

An elective resolution has been passed in accordance with Section 386 of the UK Companies Act 1985, as amended, dispensing with the requirement to appoint auditors on an annual basis.

By order of the Board



R.K. Peace
Chairman

Fusion Meters Limited
Smeckley Wood Close
Chesterfield Trading Estate
Chesterfield S41 9PZ
5th June 2000

ANNUAL REPORT & ACCOUNTS

AUDITORS' REPORT TO THE MEMBERS OF FUSION METERS LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31st March 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
5th June 2000

ANNUAL REPORT & ACCOUNTS**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31st MARCH 2000

	<u>Notes</u>	<u>Year ended 31st March 2000</u>	<u>Year ended 31st March 1999</u>
		<u>£</u>	<u>£</u>
Turnover	1(b)	6,884,205	9,416,491
Cost of sales		(3,707,177)	(5,278,272)
GROSS PROFIT		3,177,028	4,138,219
Distribution Costs		(476,141)	(458,531)
Administrative expenses		(2,173,445)	(1,813,943)
OPERATING PROFIT	2	527,442	1,865,745
Net interest payable	5	(9,941)	(161,712)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		517,501	1,704,033
Taxation on profit on ordinary activities	6	(145,964)	(723,737)
RETAINED PROFIT FOR THE FINANCIAL YEAR		371,537	980,296

The above results are derived wholly from the continuing activities of the business.

The movement on reserves is shown in note 13 to the accounts. All recognised gains and losses are recorded in the profit and loss account (1999 – all recognised gains and losses recorded in the profit and loss account).

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical basis (1999 – no material difference).

FUSION METERS LIMITED

ANNUAL REPORT & ACCOUNTS

BALANCE SHEET
AT 31st MARCH 2000

	Notes	31 st March 2000		31 st March 1999	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		1,146,585		1,131,897
CURRENT ASSETS					
Stocks	8	826,223		641,284	
Debtors	9	678,032		1,655,066	
Cash in bank and in hand		34,528		18,679	
		1,538,783		2,315,029	
CREDITORS: amounts falling due within one year	10	(1,012,072)		(2,145,167)	
NET CURRENT ASSETS			526,711		169,862
TOTAL ASSETS LESS CURRENT LIABILITIES			1,673,296		1,301,759
CAPITAL AND RESERVES					
Called up equity share capital	12		216		216
Share premium account	13		1,238,164		1,238,164
Profit and loss account	13		434,916		63,379
EQUITY SHAREHOLDERS' FUNDS	13		1,673,296		1,301,759

These accounts were approved by the board of directors on 5th June 2000 and signed on its behalf by



R.K. Peace
Chairman

FUSION METERS LIMITED

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st MARCH 2000

	Year ended 31 st March 2000	Year ended 31 st March 1999
	£	£
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	527,442	1,865,745
Depreciation (note 7)	369,048	342,160
(Profit) on disposal of tangible fixed assets	(114)	-
(Increase) / decrease in stocks	(184,938)	474,013
Decrease / (increase) in debtors	977,034	(649,262)
(Decrease) / increase in creditors	(15,182)	152,061
Net cash inflow from operating activities	1,673,290	2,184,717

CASH FLOW STATEMENT

Net cash inflow from operating activities	1,673,290	2,184,717
Returns on investments and servicing of finance		
Interest paid	(20,713)	(156,617)
Interest received	5,248	915
Net cash outflow from servicing of finance	(15,465)	(155,702)
Taxation	(742,419)	(164,683)
Capital expenditure		
Payments to acquire tangible fixed assets	(384,439)	(433,461)
Receipts from sale of tangible fixed assets	817	12,608
Net cash outflow from capital expenditure	(383,622)	(420,853)
Increase in cash	531,784	1,443,479

FUSION METERS LIMITED

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st MARCH 2000

	<u>Year ended</u> <u>31st March</u> <u>2000</u>	<u>Year ended</u> <u>31st March</u> <u>1999</u>
	£	£
Reconciliation of net cash flow to movement in net funds / (debt)		
Increase in cash in period	531,784	1,443,479
Other movements	-	-
Change in net funds / (debt)	531,784	1,443,479
Net debt at 1 st April	(497,256)	(1,940,735)
Net funds / (debt) at 31st March	34,528	(497,256)
 Analysis of net funds / (debt)		
Bank overdraft (note 10)	-	(515,935)
Cash in hand and at bank	34,528	18,679
Net funds / (debt) at 31st March	34,528	(497,256)

ANNUAL REPORT & ACCOUNTS

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2000

1. Accounting policies

(a) Basis of accounting

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

(b) Turnover

Turnover represents the invoiced amount for goods and services provided, stated net of value added tax.

(c) Research and development

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

(d) Depreciation

Depreciation is provided on all tangible assets in use at rates calculated to write off the cost less estimated residual value of each asset over its expected life as follows:

Leasehold property improvements	10% per annum straight line
Plant and machinery	12.5% – 25% per annum straight line
Fixtures, fittings and office equipment	12.5% – 25% per annum straight line
Motor vehicles	25% per annum straight line

(e) Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Costs includes direct materials, direct labour and a proportion of relevant production overheads.

(f) Deferred taxation

Deferred taxation relating to capital allowances and other timing differences is provided for to the extent it is probable that a liability will crystallise.

(g) Pension scheme

The Company participates in a group defined benefit scheme known as the Severn Trent Water Pension Scheme. The contributions, the levels of which are determined by independent qualified actuaries, are charged against profit so as to spread the cost of providing pensions over the employee's average working lives with the group (note 14).

(h) Operating lease

Costs in respect of operating leases are charged on a straight line basis over the lease term.

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ANNUAL REPORT & ACCOUNTS**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2000****2. Operating profit**

This is stated after charging / (crediting):

	<u>Year ended</u> <u>31st March</u> <u>2000</u> £	<u>Year ended</u> <u>31st March</u> <u>1999</u> £
Directors' remuneration (Note 3)	90,346	74,570
Auditors' remuneration	3,803	5,200
Depreciation (Note 7)	369,048	342,160
Other operating leases	461	1,845
(Profit) / loss on disposal of fixed assets	(114)	-
Charitable donations	225	403
Research and development expenditure	321,238	294,845

3. Directors' remuneration

	<u>Year ended</u> <u>31st March</u> <u>2000</u> £	<u>Year ended</u> <u>31st March</u> <u>1999</u> £
Aggregate directors' emoluments excluding pension contributions	90,346	74,570

No directors exercised share options during the year. The Company made contributions of £11,260 to a defined benefit pension scheme on behalf of one director (1999 - £10,092). As the total directors' emoluments do not exceed £200,000 the Company has taken advantage of the exemptions within the Companies Act and not disclosed the emoluments of the highest paid director.

4. Staff costs

	<u>Year ended</u> <u>31st March</u> <u>2000</u> £	<u>Year ended</u> <u>31st March</u> <u>1999</u> £
Wages and salaries	1,447,923	1,431,303
Social security costs	120,509	105,781
Pension costs	53,581	42,152
	1,622,013	1,579,236

ANNUAL REPORT & ACCOUNTS**NOTES TO THE ACCOUNTS**
FOR THE YEAR ENDED 31st MARCH 2000**4. Staff costs (continued)****Employee numbers (average)**

The average weekly number of persons employed by the company during the year was:

	<u>Year ended</u> <u>31st March</u> <u>2000</u> <u>Number</u>	<u>Year ended</u> <u>31st March</u> <u>1999</u> <u>Number</u>
Production	43	49
Administration	36	33
	79	82

5. Net interest payable

	<u>Year ended</u> <u>31st March</u> <u>2000</u> <u>£</u>	<u>Year ended</u> <u>31st March</u> <u>1999</u> <u>£</u>
Interest receivable	5,346	915
Interest payable on bank overdraft	(15,287)	(162,627)
	(9,941)	(161,712)

6. Taxation

	<u>Year ended</u> <u>31st March</u> <u>2000</u> <u>£</u>	<u>Year ended</u> <u>31st March</u> <u>1999</u> <u>£</u>
Group relief payable – current year at 30% (prior year 31%)	(146,000)	(686,000)
Group relief payable / surrender of ACT – prior year at 31 %	1,020	(37,683)
UK corporation tax – current year	-	-
UK corporation tax – prior years	(984)	(54)
	(145,964)	(723,737)

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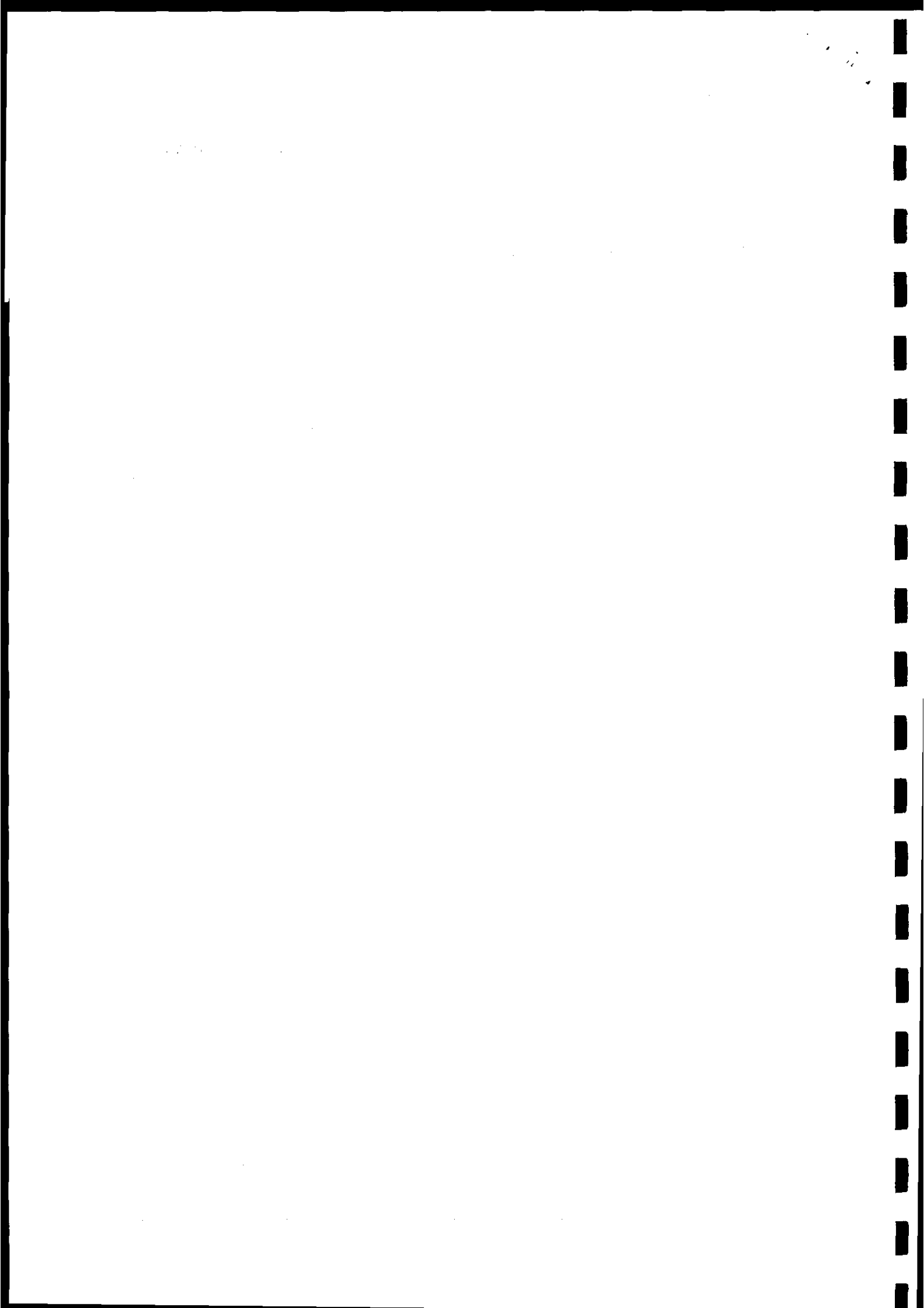
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2000

7. Tangible fixed assets

	<u>Leasehold Property Improvements</u>	<u>Plant & machinery</u>	<u>Fixtures, Fittings and Office Equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£	£
Cost					
At 1 st April 1999	227,731	2,289,843	251,672	37,200	2,806,446
Additions	8,183	368,577	7,679	-	384,439
Disposals	-	(1,227)	-	(9,850)	(11,077)
At 31 st March 2000	235,914	2,657,193	259,351	27,350	3,179,808
Depreciation					
At 1 st April 1999	(60,487)	(1,419,713)	(159,771)	(34,578)	(1,674,549)
Charge for the year	(23,451)	(306,318)	(37,326)	(1,953)	(369,048)
Disposals	-	524	-	9,850	10,374
At 31 st March 2000	(83,938)	(1,725,507)	(197,097)	(26,681)	(2,033,223)
Net book value					
At 31 st March 2000	151,976	931,686	62,254	669	1,146,585
At 1 st April 1999	167,244	870,130	91,901	2,622	1,131,897

8. Stocks

	<u>Year ended 31st March 2000 £</u>	<u>Year ended 31st March 1999 £</u>
Raw materials	616,247	281,961
Finished goods	209,976	359,323
	826,223	641,284



ANNUAL REPORT & ACCOUNTS**NOTES TO THE ACCOUNTS**
FOR THE YEAR ENDED 31st MARCH 2000**9. Debtors**

	<u>Year ended</u> <u>31st March</u> <u>2000</u> £	<u>Year ended</u> <u>31st March</u> <u>1999</u> £
Trade debtors	150,972	229,856
Amounts owed by group undertakings	395,563	1,361,517
Other debtors	61,989	48,720
Prepayments and accrued income	69,508	14,973
	<hr/> 678,032	<hr/> 1,655,066

10. Creditors: amounts falling due within one year

	<u>Year ended</u> <u>31st March</u> <u>2000</u> £	<u>Year ended</u> <u>31st March</u> <u>1999</u> £
Bank loans and overdrafts	-	515,935
Amounts due to group undertakings	89,599	686,054
Trade creditors	282,188	354,674
Taxation and social security	25,705	49,414
Accruals and deferred income	260,964	271,300
Other creditors	353,616	267,790
	<hr/> 1,012,072	<hr/> 2,145,167

11. Deferred taxation

In accordance with the company's accounting policy there is no requirement for a provision for deferred taxation at 31st March 2000. The company's full potential deferred taxation liability at 31st March 2000 was £nil (1999 - £nil).

ANNUAL REPORT & ACCOUNTS**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2000****12. Called up share capital**

	<u>31st March 2000</u>		<u>31st March 1999</u>	
	<u>No.</u>	<u>£</u>	<u>No.</u>	<u>£</u>
Authorised				
"A" Ordinary shares of £1 each	122,500	122,500	122,500	122,500
"B" Ordinary shares of £1 each	127,500	127,500	127,500	127,500
	250,000	250,000	250,000	250,000
Allotted, issued and fully paid				
"A" Ordinary shares of £1 each	54	54	54	54
"B" Ordinary shares of £1 each	162	162	162	162
	216	216	216	216

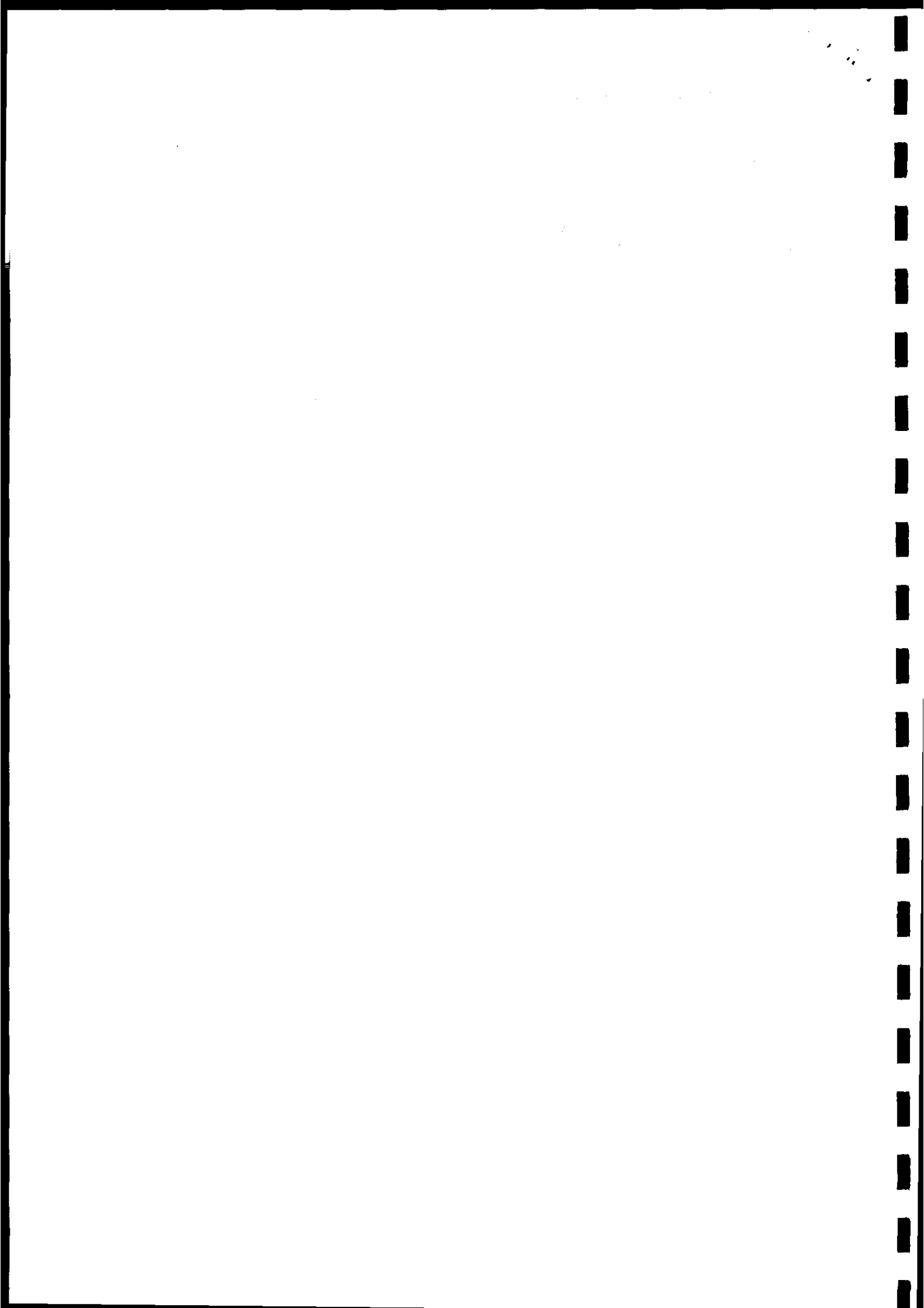
Both classes of ordinary shares are equity shares and confer upon the holder equal rights to dividends, and attendance and voting at shareholder meetings and entitlement to return of capital in the event of the Company being wound up.

13. Reconciliation of movements in shareholders' funds

	<u>Share capital</u>	<u>Share Premium</u>	<u>Profit & loss</u>	<u>Shareholders' funds</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 31 st March 1999	216	1,238,164	63,379	1,301,759
Profit for the year	-	-	371,537	371,537
At 31 st March 2000	216	1,238,164	434,916	1,673,296

14. Pension scheme

The Company is a member of the Severn Trent Water Pension Scheme. The pension scheme is a defined benefit type and its assets are held in separate trustee administered funds. The charge to profit for the year ended 31st March 2000 was £53,581 (1999 - £42,152).



ANNUAL REPORT & ACCOUNTS**NOTES TO THE ACCOUNTS**
FOR THE YEAR ENDED 31st MARCH 2000**15. Commitments**

The Company had the following capital commitments in respect of capital expenditure at the balance sheet date.

	<u>Year ended</u> <u>31st March</u> <u>2000</u> <u>£</u>	<u>Year ended</u> <u>31st March</u> <u>1999</u> <u>£</u>
Contracted for but not provided in the financial statements	Nil	56,650

The Company had no operating lease commitments as at 31st March 2000.

16. Contingent liabilities

The banking arrangements of the Company operate on a pooled basis with certain fellow group undertakings. Under these arrangements participating companies guarantee each other's overdrawn balances to the extent of their credit balances. Credit balances can be offset against overdrawn balances of participating companies.

At 31 March 2000 the maximum liability to which the Company was exposed as a result of these arrangements was £34,528 (1999 - £18,000).

17. Ultimate controlling party

The parent undertaking and ultimate controlling party is Severn Trent Plc which is incorporated in England and Wales. Copies of the group accounts may be obtained from the Company Secretary, Severn Trent Plc, 2297 Coventry Road, Birmingham, B26 3PU.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2000

18. Related party transactions

As at 31st March 2000, the parent undertaking, Severn Trent Plc owned 75% of the share capital of the Company. It also owned 100% of the share capital of Severn Trent Water Limited. During the year the Company made sales totalling £5,356,042 to Severn Trent Water Limited (1999 - £8,213,325) and purchases totalling £8,379 from Severn Trent Water Limited (1999 - £7,160). Amounts due from Severn Trent Water at 31st March 2000 were £395,563 (1999 - £1,361,517). No amounts were due to Severn Trent Water Limited at 31st March 2000 (1999 - £nil).

Amounts due to Severn Trent Plc at 31st March 2000 were £89,599 (1999 - £686,000) relating to group taxation relief.

As at 31st March 2000 Fusion Group Plc owned the remaining 25% share capital of the Company. During the year the Company made sales totalling £36,315 to Fusion Group Plc (1999 - £31,130) and purchases totalling £745 from Fusion Group Plc (1999 - £521). Amounts due from Fusion Group Plc at 31st March 2000 were £2,532 (1999 - £430). No amounts were due to Fusion Group Plc at 31st March 2000 (1999 - £nil).

