

West Hampshire Water Co.
Considerable Improvement In Distribution System
Increased Gross Income
Mr. H. A. Kemp-Welch's Address

Company Report

Christchurch Times April 14, 1961

The Annual Ordinary General Meeting of the West Hampshire Water Company was held on April 5 at Christchurch.

Mr. H. A. Kemp-Welch, the chairman, said:—

Ladies and Gentlemen, I have much pleasure in presenting the Directors' Report and Statement of Accounts for the year 1960.

With your approval, I propose to take them as read.

You will see from Statement B that the capital expenditure during the year amounted to £196,343 and that, of this total, £84,032 was in respect of the extension to the Fawley Supply which has again been perhaps the major scheme carried out during the year.

INSTALLATION OF NEW PLANT

As I told you last year, filtration capacity for an output of ten million gallons per day for Fawley was completed in 1959. In 1960, a new intake at Knapp Mill was completed, new pumping plant installed and a new Booster Station constructed at Sway. This will enable the Company to provide eight million gallons per day to Fawley and we are now engaged on the final stage of the extension involving additional pumping facilities at Knapp Mill and Sway which will enable the Company to provide the full ten million gallons per day.

Though the pumping plant necessary to supply eight million gallons per day has been installed, the actual supply has not, of course, yet reached this level but the capacity is now available to meet the water demands for the Fawley area as they increase. The standing charges paid by the Esso Petroleum Co., Ltd., in respect of each stage of the supply are financially satisfactory.

There has been an outlay of £47,538 on mains, about sixteen miles of mains of varying sizes having been laid during the year. The greater part of this expenditure has been on a new trunk main from Sway Reservoir to Beaulieu and reinforcing mains have also been laid at Portmore, Pennington and New Milton.

SAVING OF PUMPING COSTS

There has been a considerable improvement in the distribution system as a result of these works, which have enabled lower pressures to be maintained with a consequent saving of pumping costs and a reduction in wastage of water.

Land, Buildings and Installations account for £56,203.

A new filtration plant at Sway has been installed which will assist in meeting the heavy summer water demands in the southern area.

The Burley Reservoir and the associated mains were also completed during the year and an emergency pumping unit provided at the Hale Pumping Station.

A Settling Lagoon was also constructed during the year, the object of which is to ease the load on the filtration plant at Knapp Mill following heavy rain when the turbidity of the river is high.

PURITY OF WATER MAINTAINED

Perhaps this is an opportune place to say that, despite the heavy winter rains, which caused considerable flooding in the Avon Valley, your Company's works were not affected in any way and the purity of the water supply was maintained at its usual high standard.

Apart from the consideration money in respect of the transfer to the Company of the Bramshaw and Minstead areas, the remaining outlay under this head has been on the new Offices.

These you can see for yourselves. We are not quite straight yet after our move but we are now all together at Knapp Mill and the Office and the Works will be able to work together more effectively. Quite apart from this, our old Offices were much too small and inconvenient.

FUTURE CAPITAL EXPENDITURE

We do not expect the comparatively heavy capital expenditure of the last few years to continue at such a high rate. Negotiations are taking place with the Company's Bankers concerning the bank overdraft. It is expected that some capital will have to be raised in the market but this is now expected to be of fairly modest proportions.

At this juncture, I should like to pay tribute to the help which our Bankers, Lloyds Bank Ltd., have accorded us in this connection throughout the last twelve months, which we much appreciate.

Turning to Statement C, the total amount set aside for Renewals and Contingencies, after transferring £27,500 from the Revenue Account and deducting the net cost of assets disposed of and not replaced and the net cost of renewals during the year, now stands at £136,264.

The Revenue Account, Statement D, shows an increase in the Gross Income from Water Supplies of £56,291 which is partly accounted for by the increased water charges operating from the 1st January, 1960, and partly from the extended supply to Fawley.

NEW CONNECTIONS

New connections during the year amounted to 1,420 compared with 1,294 in 1959 and the total output of water for all purposes was 2,987 million gallons as against 2,965 million gallons in 1959, an average of just over 8 million gallons per day.

General Rates, which, this year, have absorbed £37,764, are likely to rise still further in the current year as a result of increases in the General Rate by all local authorities in the Company's area of supply.

The increased depreciation charges in connection with the Fawley Supply installations arise from the extension made to the supply and from the adoption of a shorter life for the Fawley main, for which a much more intense use at considerably higher pressures is now expected.

Bank Interest on the overdraft at £11,574 reflects the increase in the bank overdraft.

THE YEAR'S SURPLUS

The Surplus for the year after Bank and Debenture Interest is £57,189 compared with £43,724 last year and the net increase in the carry forward after paying Preference Dividends and providing for Ordinary Dividends at the same rates as last year amounts to £6,591.

Despite the rise in the General Rates, which I have mentioned above, the introduction of a forty-two hour week and further advances in salaries and wage rates generally, the effect of which is not fully reflected in the Accounts for the year under review, I am hopeful that the increase in water rates and charges which it was expected would have to be Implemented next January, will not be necessary. We shall avoid it if at all possible.

BALANCE SHEET ITEMS

Turning to the Balance Sheet, the items under the heading of Share and Loan Capital and Reserves show little change save for the increase in the balance carried forward on Revenue Account. The Capital Expenditure after depreciation and setting off the Provisions for Renewals and Contingencies now stands at £2,171,495 compared with £2,075,675 last year. Current Assets are somewhat lower than last year and Current Liabilities reflect the increased bank borrowings.

The Company has contracted out of the State Graduated Superannuation Scheme in respect of all employees who are members of the Company's Scheme. Opportunity was taken at the same time to improve the provisions of the Company's Scheme relating to death benefits for employees who die while still in the Company's service.

MOORINGS IN THE ROYALTY FISHERY

The Company was recently successful in its High Court action concerning moorings in the Royalty Fishery and we hope now, with the co-operation of all those concerned with the use of these waters to do something for the general benefit.

The Company is well served by its employees and I am sure you would all wish me to convey your thanks to them for their services during the past year.

All in all, I think the year has turned out very satisfactorily and we look forward with confidence to the future.

The report and accounts were adopted, and the retiring directors, Mr. H. A. Kemp-Welch and Major J. M. Mills, were re-elected.