

Nº: 2366678

NORTH WEST WATER LIMITED

DIRECTORS REPORT  
AND  
ACCOUNTS  
FOR THE YEAR ENDED  
31 MARCH 1992

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NORTH WEST WATER LIMITED

CONTENTS

Directors' Report	2
Auditors' Report	6
Profit and Loss Account	7
Balance Sheet	8
Cash Flow Statement	9
Notes to the Accounts	11

## NORTH WEST WATER LIMITED

### DIRECTORS' REPORT

#### PRINCIPAL ACTIVITIES

The Company provides water and sewerage services in the North West of England by virtue of an Instrument of Appointment held under the Water Industry Act 1991.

#### PROFIT AND DIVIDEND

Turnover for the year ended 31 March 1992 rose to £640.1 million, an increase of 12.1 per cent over the previous year. Profit for the year after tax was £241.1 million. An interim dividend of 7.19p per share was paid in February 1992. The directors recommend a final dividend of 14.4p per share for the year to 31 March 1992 for payment on 1 October 1992.

#### REVIEW OF ACTIVITIES

Effort has continued to be directed at implementing North West Water's substantial investment programme and the year's planned investment of £512 million was achieved. New and improved water and wastewater facilities were brought on stream for the benefit of our customers and the environment. Importantly, this investment is enabling us to meet required quality outputs and higher standards and achieve our compliance targets.

Wastewater network planning has been taken over from the local authorities in the North West, together with the engineering responsibilities for design and construction of larger projects (some 70 per cent of overall investment in the network). New management contracts for the 42 local authority agents have been introduced for network operation and the smaller engineering projects. These new arrangements will ensure investment and operating efficiency improvements.

As part of the major drive to improve safety in what is currently European Safety Year, we have taken an initiative with the Federation of Civil Engineering Contractors to focus attention on improved safety standards.

We achieved further improvements in drinking water quality with the commissioning of six new treatment works and upgrading the operational performance of other plants. The installation of some 120 new secondary disinfection plants within the distribution system, mainly at service reservoirs, is well underway leading to improved bacteriological compliance.

As well as achieving improved quality of drinking water supplies, our sustained investment in the region's infrastructure ensured security of supplies to our customers during a third successive dry summer.

By upgrading the operation of our wastewater treatment works and by investing in new and refurbished plant we have ensured that we both meet compliance targets and continue to improve the environment. Our programme for improving bathing waters is, subject to receipt of all necessary planning consents, running to schedule.

Development of our strategy for wastewater sludge disposal will be completed during 1992. In the meantime we are endeavouring to reinforce and extend as far as practicable the use of sludge on agricultural land.

## NORTH WEST WATER LIMITED

### DIRECTORS' REPORT

We restructured our operations and service functions during the year and increased the contracting out of support activities, such as building maintenance, improving our efficiency in delivering services to our customers.

We have taken a significant step forward to achieve quality and efficiency upgrades, designed to bring substantial benefits in improved service for customers, through our Quality and Efficiency Strategy.

There are three complementary strands to the strategy:

- a change management programme, concerning employees and their skills, and the organisation's structure, style and values;
- a facilities plan, rationalising existing buildings, with the construction of new centralised facilities; and
- an information systems strategy, making full use of the most up to date technology.

At the heart of our approach is customer service: we will provide the highest standards in the industry of customer service and responsiveness to the needs of our community.

As part of the strategy, work began towards the end of the year on new facilities near the current headquarters site at Warrington. The first buildings to be completed in 1993, will be:

- a regional customer services centre: a "one stop shop" for all customer contacts on any aspect of our services;
- a regional laboratory: concentrating and enhancing efficiency and consistency in the monitoring and control of drinking water and wastewater quality;
- a training and conference centre: a major commitment to employee training and development and a significant factor in creating a high performance culture and achieving skill leadership.

We will be making full use of the most modern technology in all these new facilities.

We have continued to pursue a vigorous policy of energy conservation and efficiency to yield cost benefits and in addition won six contracts to supply energy, generated by combined heat and power units at wastewater treatment works, to the National Grid under the Non Fossil Fuel Obligation.

The Company's active commitment to conservation, access and recreation on its substantial landholdings was maintained during the year. More than £1 million was expended directly on developments in this important area.

#### REGULATION

As required by condition K of the Appointment, the directors state that they are satisfied that as at 31 March 1992, if a special administration order had been made under Section 23 of the Water Industry Act 1991 in respect of the Company, the Company would have had available to it sufficient rights and assets (not including financial resources) to have enabled the special

## NORTH WEST WATER LIMITED

### DIRECTORS' REPORT

administrator so to manage the affairs, business and property of the Company that the purposes of the order could have been achieved.

#### **EMPLOYEES**

The Company is committed to investing in employees at all levels to create a highly skilled and motivated workforce. A major training and development programme is underway and performance appraisal is being extended.

The Company has a wide range of communication and consultative arrangements designed to ensure the participation and involvement of all employees in the development of the business, including its financial performance.

Safety is a high priority with an on-going emphasis on improving safety performance.

The Company has policies and practices to ensure that, as far as possible, no job applicant or employee receives less favourable treatment on either racial grounds or on grounds of sex or marital status, or is disadvantaged by unjustifiable conditions or requirements.

In considering applications for employment from disabled people, the Company seeks to ensure that full and fair consideration is given to the abilities and aptitudes of the applicant in relation to the requirements of the job applied for. Employees who become unable to carry out the job for which they are employed are counselled to determine their suitability for alternative work, for which re-training is afforded if appropriate.

#### **FIXED ASSETS**

There are stringent provisions within the Water Industry Act and the Appointments regarding the disposal of land and buildings, the majority of which are needed for continuing operations and are not readily adaptable for other uses. In these circumstances, the directors are of the opinion that the values shown in the Accounts properly reflect the existing use value to the business and are not significantly different from their market values.

Changes in tangible fixed assets during the year are shown in note 10 to the accounts.

#### **RESEARCH AND DEVELOPMENT**

The Company is committed to innovative technology solutions for providing higher water and wastewater treatment quality standards and will be continuing to invest accordingly in research and development to enable it to meet the necessary, stringent standards.

#### **SHARE CAPITAL**

The authorised share capital of the Company, together with details of shares issued, is shown in note 19 to the Accounts.

NORTH WEST WATER LIMITED

**DIRECTORS' REPORT**

**DIRECTORS**

The directors of the Company during the year ended 31 March 1992 are set out below. All were directors for the whole of the year except where otherwise indicated.

- \* W D Grove, Chairman
- \* R P Thian, Deputy Chairman
- \* B Alexander, Managing Director
- R D Armstrong, Group Personnel Director
- D A Clegg, Planning Director
- M R Dyer, Group Technical Director
- R J Ferguson, Deputy Managing Director
- A G Fox, Engineering Director – resigned 5 March 1992
- D Golden, Purchasing Director – appointed 1 June 1991
- D Green, Managing Director Designate – appointed 2 March 1992
- E Harper, Quality Director
- R I Worrall, Group Information Systems Director – appointed 1 June 1991
- \* F Sanderson, non executive
- \* Director, North West Water Group PLC

Details of directors' interests in ordinary shares of North West Water Group PLC are set out in note 5 to the Accounts.

During the year, a directors' and officers' liability insurance policy was in force.

On 1 July 1992 T Drury, Finance Director, was Appointed to the Board.

**AUDITORS**

A resolution to re-appoint the auditors, Price Waterhouse, will be proposed at the Annual General Meeting.

By order of the Board



J R Tetlow  
Secretary

17 July 1992  
Registered Office  
Dawson House  
Great Sankey  
Warrington  
Cheshire WA5 3LW  
Registered in England and Wales  
No. 2366678

NORTH WEST WATER LIMITED

**AUDITORS' REPORT**

**Auditors' report to the members of North West Water Limited**

We have audited the financial statements on pages 7 to 19 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company at 31 March 1992 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

Price Waterhouse  
Chartered Accountants  
and Registered Auditor  
Manchester.

17 July 1992.

## Profit and Loss Account

For the year ended 31 March 1992

	Note	1992	1991
		£m	£m
Turnover	1(b)	640.1	570.9
Operating costs	3	(399.1)	(387.0)
Other income	4	<u>2.9</u>	<u>6.5</u>
Operating profit		243.9	190.4
Net interest (payable) / receivable	7	<u>(2.8)</u>	<u>30.4</u>
Profit on ordinary activities before tax		241.1	220.8
Tax on profit on ordinary activities	8	<u>—</u>	<u>—</u>
Profit for financial year		241.1	220.8
Dividends	9	<u>(93.3)</u>	<u>(135.1)</u>
Transfer to reserves	20	<u>147.8</u>	<u>85.7</u>

The notes on pages 11 to 19 form part of these accounts



NORTH WEST WATER LIMITED

# Balance Sheet

At 31 March 1992

	Note	1992 £m	1991 £m
<b>FIXED ASSETS</b>			
Tangible assets	10	2,196.3	1,824.2
Investments	11	<u>0.4</u>	<u>0.4</u>
		2,196.7	1,824.6
<b>CURRENT ASSETS</b>			
Stores		4.6	6.4
Debtors	12	155.4	146.3
Investments	13	213.8	290.6
Cash at bank and in hand		<u>—</u>	<u>19.3</u>
		373.8	462.6
CREDITORS : Amounts falling due within one year	14	<u>(344.4)</u>	<u>(327.2)</u>
<b>NET CURRENT ASSETS</b>		<u>29.4</u>	<u>135.4</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,226.1	1,960.0
CREDITORS : Amounts falling due after more than one year	15	(354.0)	(218.2)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(18.5)	(38.5)
ACCRUALS AND DEFERRED INCOME	17	<u>(4.0)</u>	<u>(1.5)</u>
		<u>1,849.6</u>	<u>1,701.8</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	431.9	431.9
Share premium account	20	647.8	647.8
Profit and loss account	20	<u>769.9</u>	<u>622.1</u>
		<u>1,849.6</u>	<u>1,701.8</u>

Approved by the Board of Directors on 17 July 1992 and signed on its behalf by

W D Grove  
Chairman

R Ferguson  
Deputy Managing Director



The notes on pages 11 to 19 form part of these accounts

NORTH WEST WATER LIMITED

# Cash Flow Statement

For the year ended 31 March 1992

	1992	1991
	£m	£m
Net cash inflow from Operating Activities	317.5	226.2
<b>RETURNS ON INVESTMENTS &amp; SERVICING OF FINANCE</b>		
Interest Received	30.4	46.1
Interest Paid	(28.4)	(11.6)
Interest in Finance Lease Rentals	(3.9)	(4.6)
Dividends Paid	<u>(137.7)</u>	<u>(28.4)</u>
Net cash (outflow) / inflow from returns on investments & servicing of finance	<u>(139.6)</u>	<u>1.5</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(412.2)	(301.3)
Disposal of fixed assets	<u>2.0</u>	<u>2.5</u>
Net cash outflow from investing activities	<u>(410.2)</u>	<u>(298.8)</u>
Net cash outflow before financing	(232.3)	(71.1)
<b>FINANCING</b>		
New loans	114.1	156.4
New finance leases	52.0	5.8
Repayment of loans	(25.8)	(0.7)
Capital element of finance leases paid	<u>(7.2)</u>	<u>(8.2)</u>
Net cash inflow from financing	<u>133.1</u>	<u>153.3</u>
(Decrease) / increase in cash and cash equivalents	<u>(99.2)</u>	<u>22.2</u>

## Cash Flow Statement

For the year ended 31 March 1992

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1992 £m	1991 £m
Operating profit	243.9	190.4
Depreciation	39.8	33.4
Profit on sale of tangible fixed assets	(1.7)	(1.1)
Movement in stores	1.8	(0.4)
debtors	(7.0)	(53.8)
creditors	40.7	57.7
	<u>317.5</u>	<u>226.2</u>
Net cash inflow from operating activities		
	1992 £m	1991 £m
<b>ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS</b>		
At 1 April 1991	309.9	227.7
Net cash (outflow)/ inflow for the year	(99.2)	82.2
	<u>210.7</u>	<u>309.9</u>
At 31 March 1992		
	1992 £m	1991 £m
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	-	19.9
Bank overdrafts	(3.1)	-
Current asset investments	213.8	290.6
	<u>210.7</u>	<u>309.9</u>
<b>ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR</b>		Loans and Finance Lease Obligations £m
At 1 April 1991		248.4
Cash inflow from financing		133.1
		<u>382.5</u>
At 31 March 1992		

## Notes to the Accounts

### 1. Accounting policies

#### (a) Basis of preparation of accounts

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

#### (b) Turnover

Turnover represents the income receivable in the ordinary course of business for services provided and excludes VAT.

#### (c) Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

#### (d) Tangible fixed assets

Tangible fixed assets comprise infrastructure assets (mains, sewers, impounding and pumped raw water storage reservoirs, dams, sludge pipelines and sea outfalls) and other assets (including properties, overground plant and equipment).

##### (i) Infrastructure assets

Infrastructure assets comprise a network of systems. Expenditure on infrastructure assets relating to increases in capacity or enhancements of the network is treated as additions, which are included at cost after deducting related grants and contributions.

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.

Charges for infrastructure renewals expenditure take account of planned expenditure on maintaining the operating capability of infrastructure assets in accordance with the operational policies and standards underlying the Company's investment programme. The timing of the investment programme and other operational considerations may result in uneven patterns of infrastructure renewals expenditure. Charges to the profit and loss account are adjusted by way of accruals or deferrals, as appropriate, to take account of any significant fluctuations between actual and planned expenditure.

##### (ii) Other assets

Additions are included at cost.

Freehold land is not depreciated. Other assets are depreciated evenly over their estimated economic lives which are principally as follows:

Buildings	30-60 years
Operational structures	40-80 years
Fixtures, fittings, tools and equipment	3-40 years
Pre-1974 assets	22-27 years
Capitalised computer software costs are depreciated over	4-7 years

Assets in the course of construction are not depreciated until the year following commissioning.

#### (e) Grants and contributions

Contributions receivable in respect of infrastructure assets are deducted from the cost of the assets.

Grants receivable in respect of other tangible fixed assets are treated as deferred income, which is credited to the profit and loss account over the estimated economic lives of the related assets.

#### (f) Leased assets

Assets financed by leasing arrangements which transfer substantially all the risks and rewards of ownership to the lessee (finance leases) are capitalised in the balance sheet and the corresponding capital cost is shown as an obligation to the lessor. Leasing payments comprise both a capital and a finance element. The finance element is written off to the profit and loss account so as to produce an approximately constant periodic rate of charge on the outstanding obligation. Such assets are depreciated over the shorter of their estimated useful lives and the period of the lease.

Operating lease rentals are charged to the profit and loss account as incurred.

#### (g) Fixed asset investments

Investments held as fixed assets are stated at cost less amounts written off.

## Notes to the Accounts

- (h) **Current asset investments**  
Current asset investments in externally managed interest bearing funds are stated at the lower of cost and market value.
- (i) **Stores**  
Stores are stated at cost less any provision necessary to recognise damage and obsolescence.
- (j) **Pensions**  
Most of the Company's employees belong to pension schemes which provide for defined benefits based on final pensionable pay. Pension costs are charged against profits over the estimated remaining service lives of employees  
  
Details of pension arrangements and funding are set out in note 21.
- (k) **Deferred taxation**  
Provision is made for deferred taxation where a liability is considered likely to arise in the foreseeable future.

**2. Segmental information**  
The Company operates in the UK in one class of business.

	1992	1991
<b>3. Operating costs</b>		
Staff costs :	£m	£m
Wages and salaries	95.9	93.4
Social security costs	8.0	7.9
Pension contributions (note 21)	10.3	10.8
	114.2	112.1
Capital schemes	(25.7)	(21.5)
Infrastructure renewals	(8.6)	(7.3)
Manpower costs	79.9	83.3
Depreciation :		
Own fixed assets	35.0	27.6
Fixed assets held under finance leases	4.8	5.8
	39.8	33.4
Infrastructure renewals expenditure	72.8	70.6
Other operating costs include:		
Energy, rates and other operating costs	152.2	133.0
Raw materials and consumables	16.8	19.7
Auditors' remuneration	0.1	0.1
Research and development	2.5	1.7
Operating leases		
– hire of plant and machinery	2.0	2.3
– land and buildings	2.8	1.3
Restructuring charge	30.2	32.0
	206.6	190.7
<b>Total operating costs</b>	399.1	387.0

## Notes to the Accounts

4. Other Income	1992	1991
	£m	£m
Profit on disposal of fixed assets	1.7	1.1
Net rents receivable	1.2	1.2
Other	—	4.2
	2.9	6.5

### 5. Directors

The directors received no emoluments as directors of the Company. The emoluments of directors of North West Water Group PLC are dealt with in that company's accounts.

At 31 March, the directors and their immediate families had the following beneficial interests in the ordinary shares of North West Water Group PLC (details of the interests of directors of North West Water Group PLC are dealt with in that company's accounts) :

	1992			1991		
	Share Options (ii)			Share Options (ii)		
	Ordinary Shares (i)	Executive Option Scheme	Employee Sharesave Scheme	Ordinary Shares (i)	Executive Option Scheme	Employee Sharesave Scheme
R D Armstrong	579	66,249	8,824	579	39,500	6,136
D A Clegg	295	36,500	4,090	295	33,750	4,090
M P Dyer	1,260	61,999	2,582	1,260	40,250	2,045
R J Ferguson	1,291	69,250	8,824	1,291	40,250	6,136
D Golden (iii)	—	43,000	—	—	—	—
D Green (iv)	—	—	—	—	—	—
E Harper	1,795	36,500	8,824	1,795	34,250	6,136
R I Worrall (v)	—	73,500	4,314	—	—	—
A G Fox (vi)	—	—	—	1,778	37,500	2,386

(i) In common with other eligible individual shareholders, the directors and their immediate families may be entitled to a share bonus from H M Government in accordance with the provisions of the Offer for Sale.

(ii) Details of the Employee Sharesave Scheme and the Executive Share Option Scheme operated by North West Water Group PLC are given in that company's accounts.

(iii) Mr D Golden was appointed to the Board on 1 June 1991

(iv) Mr D Green was appointed to the Board on 2 March 1992.

(v) Mr R I Worrall was appointed to the Board on 1 June 1991. At that date he held options of 44,500 shares under the Executive Share Option Scheme and 2970 shares under the Employee Sharesave Scheme.

(vi) Mr A G Fox resigned from the Board on 5 March 1992.

## Notes to the Accounts

	1992	1991
<b>6. Employees</b>		
Average number of persons employed	<u>5,928</u>	<u>6,839</u>
<b>7. Net interest (payable) / receivable</b>	<b>1992</b>	<b>1991</b>
	£m	£m
Interest payable:		
On bank loans, overdrafts and other loans:		
Repayable within 5 years	(4.7)	(1.3)
Repayable wholly or partly in more than 5 years	<u>(25.1)</u>	<u>(10.6)</u>
	(29.8)	(11.9)
On finance leases	(5.7)	(4.8)
Group undertakings	<u>(1.0)</u>	<u>—</u>
Total interest payable	(36.5)	(16.7)
Interest receivable		
Group undertakings	4.2	2.3
External	<u>29.5</u>	<u>44.8</u>
Net interest (payable) / receivable	<u>(2.8)</u>	<u>30.4</u>

**8. Taxation**

No tax liability or charge arises because of the tax allowances on the transfer of accumulated capital expenditure from the predecessor Authority and on expenditure incurred subsequently.

The full potential deferred tax liability, none of which is provided in the accounts, is:

	1992	1991
	£m	£m
Accelerated tax allowances on buildings, plant and equipment	248.8	150.9
Losses and other timing differences	<u>(89.4)</u>	<u>(70.6)</u>
	<u>159.4</u>	<u>80.3</u>

**9. Dividends**

	1992	1991
	£m	£m
Interim dividend of 7.19 pence (1991 – 6.59 pence)	31.0	28.4
Final dividend of 14.40 pence recommended (1991 – 24.68 pence)	<u>62.3</u>	<u>106.7</u>
	<u>93.3</u>	<u>135.1</u>

## Notes to the Accounts

10. Tangible fixed assets	Land and buildings £m	Infra-structure assets £m	Opera-tional structures £m	Fixtures, fittings, tools and equipment £m	Pre-1974 assets £m	Assets in course of con-struction £m	Total £m
Cost:							
At 1 April 1991	49.2	913.0	334.5	280.8	177.4	303.1	2,058.0
Additions	2.2	129.7	28.9	104.5	-	168.1	439.4
Grants and contributions	-	(14.7)	-	-	-	(6.5)	(21.2)
Transfers	5.5	23.6	89.0	74.3	-	(192.4)	-
Disposals	(0.2)	-	-	(3.6)	-	-	(3.8)
At 31 March 1992	<u>56.7</u>	<u>1,051.6</u>	<u>452.4</u>	<u>456.0</u>	<u>177.4</u>	<u>272.3</u>	<u>2,466.4</u>
Depreciation:							
At 1 April 1991	8.4	-	39.6	91.5	94.3	-	233.8
Charge for the year	1.5	-	6.3	26.3	5.7	-	39.8
Disposals	(0.1)	-	-	(3.4)	-	-	(3.5)
At 31 March 1992	<u>9.8</u>	<u>-</u>	<u>45.9</u>	<u>114.4</u>	<u>100.0</u>	<u>-</u>	<u>270.1</u>
Net book value:							
At 31 March 1992	<u>46.9</u>	<u>1,051.6</u>	<u>406.5</u>	<u>341.6</u>	<u>77.4</u>	<u>272.3</u>	<u>2,196.3</u>
At 31 March 1991	<u>40.8</u>	<u>913.0</u>	<u>294.9</u>	<u>189.3</u>	<u>83.1</u>	<u>303.1</u>	<u>1,824.2</u>

Grants and contributions received relating to infrastructure assets have been deducted from the cost of fixed assets in order to show a true and fair view. As a consequence, the net book value of fixed assets is £38.0 million (1991-£16.8 million) lower than it would have been had this treatment not been adopted.

	1992 £m	1991 £m
Within tangible fixed assets are assets held under finance leases at the following amounts:		
Cost	125.7	77.3
Accumulated depreciation	(41.3)	(39.8)
Net book value	<u>84.4</u>	<u>37.5</u>

An analysis of land and buildings between freehold and long and short leasehold is not readily available at 31 March 1992. Pre-1974 assets comprise a pool of assets which was transferred to the Company from North West Water Authority, which it acquired in 1974 from its predecessors. No analysis by asset category is available. The directors consider that the provision of the above information would incur expense and delay out of proportion to the benefit it would provide to shareholders.

	1992 £m	1991 £m
Capital commitments:		
Contracted but not provided for	<u>283.4</u>	<u>433.0</u>
Authorised but not yet contracted for	<u>110.0</u>	<u>89.0</u>

In addition to these commitments, the Company has longer term investment expenditure plans which include expenditure to improve asset performance and condition and to provide for new demand and growth.



## Notes to the Accounts

<b>11. Fixed asset investments</b>  Cost: At 1 April 1991 and 31 March 1992	Other investments £m  <u>0.4</u>
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Other investments include the following holdings in unlisted companies registered in England and Wales:

	Class of shares / securities issued	Proportion held
Water Research Centre (1989) plc	'A' ordinary £1 'B' ordinary £1 5% convertible unsecured loan stock 2014	— 26.25%  26.25%
Water Pension Fund Holdings Limited Willow Lodge (St Annes) Limited (Dormant)	Ordinary £1 Ordinary £1	18.44% 100%

<b>12. Debtors</b>	<b>1992</b>	<b>1991</b>
	£m	£m
<i>Amounts falling due within one year:</i>		
Trade debtors	64.6	49.0
Amounts owed by Group undertakings	44.3	50.8
Other debtors	12.2	13.8
Prepayments and accrued income	33.6	31.9
	<u>154.7</u>	<u>145.5</u>
<i>Amounts falling due after more than one year:</i>		
Amounts owed by associated undertakings	0.3	0.3
Other debtors	0.4	0.5
	<u>0.7</u>	<u>0.8</u>
<b>Total debtors</b>	<u>155.4</u>	<u>146.3</u>

<b>13. Current asset investments</b>	<b>1992</b>	<b>1991</b>
	£m	£m
Managed funds and short term deposits	<u>213.8</u>	<u>290.0</u>

## Notes to the Accounts

14. Creditors: amounts falling due within one year	1992	1991
	£m	£m
Loans	0.7	0.8
Bank overdrafts and temporary borrowings	27.1	25.0
Trade creditors	23.9	27.1
Obligations under finance leases	7.6	7.6
Proposed dividend	62.3	106.7
Other creditors	1.4	2.1
Taxation and social security	4.2	1.1
Accruals and deferred income	<u>217.2</u>	<u>156.8</u>
	<u>344.4</u>	<u>327.2</u>

15. Creditors: amounts falling due after more than one year	1992	1991
	£m	£m
Loans	262.5	173.1
Obligations under finance leases	87.7	42.9
Other creditors	<u>3.8</u>	<u>2.2</u>
	<u>354.0</u>	<u>218.2</u>

16. Provisions for liabilities and charges	Restructuring	Other	Total
	£m	£m	£m
At 1 April 1991	35.5	3.0	38.5
Utilised	(52.2)	(1.6)	(53.8)
Profit and loss account	<u>30.2</u>	<u>3.6</u>	<u>33.8</u>
At 31 March 1992	<u>13.5</u>	<u>5.0</u>	<u>18.5</u>

17. Accruals and deferred income			Deferred grants and contributions
			£m
At 1 April 1991			1.5
Received in the year			2.0
Credit to profit and loss account for the year			(0.1)
At 31 March 1992			<u>4.0</u>

18. Borrowings	Loans and overdrafts				
	Repayable by instalments partly after	Other	Finance leases	1992	1991
	5 years	£m	£m	Total	Total
	£m	£m	£m	£m	£m
Within one year	0.7	27.1	7.6	35.4	33.4
Between one and two years	0.8	—	7.4	8.2	6.8
Between two and five years	24.8	—	19.7	44.5	25.0
After more than five years	<u>236.9</u>	—	<u>60.6</u>	<u>297.5</u>	<u>185.0</u>
	<u>263.2</u>	<u>27.1</u>	<u>95.3</u>	<u>385.6</u>	<u>249.4</u>

Loans repayable after more than five years comprise bank and other loans repayable between 1997 and 2035 interest rates range from 2.86% to 14.83% on £106.9 million and are at floating rates on £130 million.

## Notes to the Accounts

**19. Called up share capital**

The authorised share capital of the Company throughout the year ended 31 March 1992 was £650,000,000 comprising 650,000,000 ordinary shares of £1 each.

The allotted and fully paid share capital of the Company throughout the year ended 31 March 1992 was £431,930,000 comprising 431,930,000 ordinary shares of £1 each.

**20. Reserves**

	Profit and loss account £m	Share premium account £m
At 1 April 1991	622.1	647.8
Profit for the year	147.8	—
At 31 March 1992	769.9	647.8

**21. Pensions**

The Company is a participant in the Group's two defined benefit final salary schemes, the Water Mirror Image Pension Scheme (WMIS) and the Water Pension Scheme (WPS).

The employer's contributions and the pension cost under the accounting standard SSAP24 have been assessed in accordance with the advice of William M Mercer Fraser Limited using the projected unit method or the attained age method on the basis of actuarial valuations carried out at 31 March 1990. For this purpose the main actuarial assumptions used are based upon investment growth of 9 per cent per annum and pay growth of 7 per cent per annum. Pensions in payment and deferred pensions under the WMIS have been assumed to increase by 6 per cent per annum. This assumption has been chosen to reflect the increases under the scheme which are guaranteed to be in line with the Retail Price Index (RPI). For the WPS, the corresponding assumption is 5.25 per cent per annum. This reflects increases which are guaranteed at 5 per cent per annum (or the increase in the RPI if less) with the intention to pay more, up to the level of RPI, if the resources of the scheme so permit.

At the date of the last valuations, the total market value of the assets (including payments received from previous arrangements) was £140.2 million. The combined actuarial value of the assets represented 103.5 per cent of the value of the accrued benefits after allowing for expected future earnings increases. In deriving the pension cost under SSAP24, the surplus in the schemes is being spread over the future working lifetime of the existing members.

The total pension cost for the period was £10.3 million. (1991 -- £10.8 million)

## Notes to the Accounts

**22. Operating leases**

The Company is committed at 31 March 1992 to making the following payments during the next twelve months :

	Land and buildings £m	Plant and machinery £m
Leases which expire :		
Within one year	—	0.1
Between two and five years	1.5	1.5
After five years	0.9	—
	<u>2.4</u>	<u>1.6</u>

**23. Ultimate parent company**

The accounts of the Company are consolidated in the group accounts of the ultimate parent company, North West Water Group PLC, a company registered in England and Wales.

Copies of the Group accounts of North West Water Group PLC may be obtained from the Company Secretary, North West Water Group PLC, Dawson House, Great Sankey, Warrington, Cheshire WA5 3LW.