



**Anglian Water Services Limited**

**Directors' Report and Financial Statements**

**For the Year Ended 31 March 1992**

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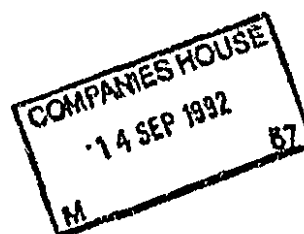
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Front cover:  
The control room at Grafham Water treatment works

# Directors' Report

The Directors present their Report, together with the audited Financial Statements for the year ended 31 March 1992.

## Principal activities and business review

The principal activities of the Company during the year were water supply and distribution, sewerage and sewage treatment and disposal.

The financial results reflect another strong performance despite the effects of the recession. Profit before tax (£173.6m) increased by 13.4% over 1991 on a turnover of £516.9m.

The Directors are committed to providing a cost effective quality service to customers. The achievement of this is critical to our success.

Customer needs and preferences are playing an increasingly important part in the formulation of our future policy and strategy. To identify customers' priorities, extensive research has been commissioned which is enabling Directors to quantify and evaluate these preferences. The Directors' commitment to customer involvement has been further reinforced through the establishment of an extensive network of Customer Advisory Panels across the region. These provide a direct contact and a forum at which customers can make a valuable input to our planning process.

Our emphasis on customer relations and satisfaction, quality assurance, and Total Quality Management will bring us closer to our customers and enable us to further improve the quality of our services. During the year we introduced a number of organisational changes. The rationalisation of our Customer Service Bureaux and direct operational management structures will help us to focus management effort through reduced lines of communication, reduce costs and improve customer service and response.

The management of the capital programme continues to be a major priority. We are on target to meet the requirements of improved service to customers, to provide a cleaner environment and to comply with legislation on drinking water, river water quality and bathing water standards. During the past year capital investment amounted to £284.4m, an increase of 28% over the previous year. At any one time during the financial year around 450 major projects were in progress.

Significant achievements during the year included the substantial completion of the major investment programme to improve the quality of effluent discharged from some 200 of our sewage treatment works. As a result, we now have a level of compliance higher than at any previous time. Major investment in water resource and distribution projects has minimised the impact of the current drought.

The report of the Drinking Water Inspectorate, published in July 1991, commented favourably on the water quality standards achieved and we were greatly encouraged by the comments of the OJWA report on levels of service with regard to the "across the board" improvements which we achieved in our customer service levels.

All this demonstrates that the completion of the investment programme to date is beginning to deliver increasing benefits to our customers and the environment in which they live.

Inevitably the cost of making these improvements must be reflected in higher charges. However, given the strong performance of the core business since privatisation we decided to raise our prices for the current year by half a percent less than permitted by the Government price control formula. We also brought forward £15m of work on areas of specific customer concern, such as discoloured water and introduced measures to make it easier for customers to obtain rural sewerage for the first time. Our aim is to continue to provide an excellent service at a fair price.

## **Directors' Report** continued

### **Principal activities and business review** continued

The Director General of Water Services has called the first Periodic Review, the effect of which will be operative from April 1995. The cost of new obligations such as the Urban Wastewater Treatment Directive and the requirement to secure continuing improvements in services, mean that considerable investment will continue to be needed. These costs will be reflected in the revised 'K' factors which result from this review.

The national debate on charging methods continues. We believe that metering is the best long term alternative and is the fairest solution. Metered customers pay for the water they actually use and are able to influence the size of their bill.

As a consequence of our decision to support metering as the long term basis for water charges, we have embarked on a major survey of domestic water use involving 2,000 properties. This will provide valuable information on the costs and practicalities of metering existing properties, water use in the home, the impact of metered tariffs on demand and the extent of leakage.

### **Research and development**

The Company's research and development efforts have been directed during the year to complement the priorities identified in the investment programme. Through the application of our research we have developed new processes and are operating these at a number of pilot plants throughout the region. We have developed advanced techniques for disinfection, pesticide removal, filter design and the use of granular activated carbon in the water treatment process and are amongst the industry leaders in the use of membrane technology in water and sewage treatment.

As a result we are at the forefront of innovative technology within the industry.

### **Regulation**

The Company's activities are regulated principally by the Water Industry Act 1991, (which consolidated that part of the Water Act 1989 relating to Water Supply and Sewerage) and the conditions of an Instrument of Appointment ("the Licence") granted to the Company by the Secretary of State for the Environment on 1 September 1989. With certain exceptions, the regulatory provisions do not apply to business activities which are not connected with the carrying out of the water and sewerage functions.

Under the conditions of the Licence the Company is obliged to provide the Director General of Water Services with additional accounting information to that contained in the statutory accounts, in order to comply with Licence Condition 1. This information is presented on pages 18 to 27.

The regulatory information has been prepared in accordance with the guidelines issued by the Director General.

During the year the Licence was amended to reinforce the protection of the core business. A declaration by Directors in order to comply with this amendment is made in note 5 on page 19.

### **Results and dividends**

The results of the Company and the dividends for the year ended 31 March 1992 are set out on page 4.

### **Fixed assets**

Movements in tangible fixed assets during the year are shown in note 12 on pages 11 and 12.

### **Directors and directors' interests**

The Directors at 31 March 1992, all of whom served throughout the year, are set out below:

A F Smith (Chairman)	J W Green
J A Simpson (Managing Director)	P J Matthews
A G Semple	P Howarth
C J Mellor	J W Smith (appointed 1 April 1991)
D C F Latham	

Mr A G Semple will be retiring on 29 July 1992.

The beneficial interests of the Directors in the shares of Anglian Water Plc and in options over such shares are set out in note 11 on pages 10 and 11.

None of the Directors had during the year or has a material interest in any contracts of significance to which the Company or any other Group company is or was a party.

### **Employees**

Employees are kept informed on matters affecting them and made aware of the general financial and economic factors influencing the Company's performance. We operate a systematic approach to employee communication through regular briefings, presentations and the wide circulation of the Company newspaper.

Share option schemes are in place within the Anglian Water Group which encourage participation in the Company's performance

We are an equal opportunities employer and applications for employment from disabled persons are fully and fairly considered having regard to the aptitudes and abilities of the applicant. In the event of disability, every effort is made to ensure that employment with the Company continues and appropriate training, career development and promotion of a disabled person should, as far as possible, be identical with that of other employees

### **Liability Insurance**

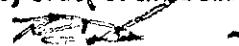
The Company maintains insurance under Section 310(3) of the Companies Act 1985 for its officers against liabilities in relation to the Company

### **Auditors**

The Auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution for their reappointment will be put to the Annual General Meeting

### **By order of the Board**

3 June 1992

  
Roger Dickinson  
Company Secretary  
Registered Office:  
Anglian House  
Arbury Road  
Huntingdon  
Cambridgeshire PE18 6NZ

Registered in England No. 2366656

## Profit and Loss Account

For the year ended 31 March 1992	Notes	1992 £m	1991 £m
Turnover	2	516.9	451.7
Operating costs	3	(318.5)	(281.6)
Exceptional items	4	(3.3)	
Operating profit	2,5	195.1	170.1
Other income	6	0.2	0.3
Interest payable (net)	7	(21.7)	(17.3)
Profit on ordinary activities before and after taxation	8	173.6	153.1
Dividends	9	(75.9)	(68.8)
Retained profit for the year	23	97.7	84.3

The notes on pages 7 to 16 form part of these financial statements.

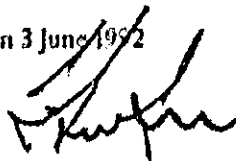
# Balance Sheet

At 31 March 1992	Notes	1992 £m	1991 £m
<b>Fixed assets</b>			
Tangible assets	12	1,789.6	1,575.4
Investments	13	3.0	2.7
		1,792.6	1,578.1
<b>Current assets</b>			
Stocks and work in progress	14	5.9	6.5
Debtors	15	80.6	79.1
		86.5	85.6
<b>Creditors: amounts falling due within one year</b>			
Short term borrowings	16	(8.2)	(8.8)
Other creditors	16	(154.9)	(184.9)
<b>Net current liabilities</b>		<b>(76.6)</b>	<b>(108.1)</b>
<b>Total assets less current liabilities</b>		<b>1,716.0</b>	<b>1,470.0</b>
<b>Creditors: amounts falling due after more than one year</b>			
Loans and other borrowings	17	(288.3)	(180.2)
Other creditors	18	(32.2)	(19.1)
		(320.5)	(199.3)
<b>Provisions for liabilities and charges</b>	19	<b>(84.6)</b>	<b>(57.5)</b>
		1,310.9	1,213.2
<b>Capital and reserves</b>			
Called up share capital	22	860.0	860.0
Profit and loss account	23	450.9	353.2
		1,310.9	1,213.2

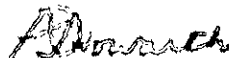
The notes on pages 7 to 16 form part of these financial statements.

Approved by the Board on 3 June 1992

J A SIMPSON  
Managing Director



P HOWARTH  
Finance Director



# Cash Flow Statement

For the year ended 31 March 1992	Notes	1992 £m	1991 £m
<b>Net cash inflow from operating activities</b>	27(a)	245.3	237.0
<b>Returns on investments and servicing of finance</b>			
Interest received		1.8	1.0
Interest paid		(14.8)	(9.2)
Interest element of finance lease rental payments		(0.4)	(0.6)
Dividends paid		(70.5)	(68.8)
Net cash outflow from returns on investments and servicing of finance		(83.9)	(77.6)
<b>Investing activities</b>			
Purchase of tangible fixed assets		(282.7)	(190.7)
Investment in infrastructure renewals		(11.3)	(8.1)
Grants and contributions received		31.7	26.3
Sales of plant and machinery		0.6	16.2
Investment in associated undertakings		(0.3)	(2.2)
Net cash outflow from investing activities		(262.0)	(158.5)
Net cash (outflow)/inflow before financing		(100.6)	0.9
<b>Financing</b>			
Loans from the European Investment Bank		65.0	25.0
Index linked loan		-	100.0
Other long term loans		0.3	
Amounts received under finance lease arrangements		40.0	1.1
Repayment of amounts borrowed		(3.9)	(0.7)
Capital element of finance lease rental payments		(1.3)	(1.4)
Net cash inflow from financing	27(b)	100.1	124.0
<b>(Decrease)/increase in cash and cash equivalents</b>	27(c)	<b>(0.5)</b>	<b>124.9</b>

The notes on pages 7 to 16 form part of these financial statements.



# Notes to the Financial Statements

## 1. Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The following principal accounting policies have been applied:

### (A) TURNOVER

Turnover represents the income receivable (excluding value added tax) in the ordinary course of business for services provided.

### (B) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets comprise:

(i) Infrastructure assets (being mains and sewers, impounding and pumped raw water storage reservoirs, dams, sludge pipelines and sea outfalls).

Infrastructure assets comprise a network of systems. Investment expenditure on infrastructure assets relating to increases in capacity or enhancements of the network is treated as an addition and included at cost.

Investment 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.

The charge for infrastructure renewals expenditure takes account of planned expenditure on maintaining the operating capability of infrastructure assets, in accordance with the operational policies and standards underlying the Company's Asset Management Plan. The timing of the investment programme and other operational considerations result in uneven patterns of infrastructure renewals expenditure. Charges to the profit and loss account therefore comprise actual expenditure together with accruals which recognise planned expenditure identified in the 20 year Asset Management Plan.

(ii) Other assets (including properties, overground plant and equipment).

Other assets are included at cost less accumulated depreciation. Freehold land is not depreciated. Other assets are depreciated evenly over their estimated economic lives, which are principally as follows:

Operational structures	40 - 80 years
Buildings	30 - 60 years
Fixed plant	20 - 40 years
Vehicles, mobile plant and computers	4 - 10 years

Assets in the course of construction are not depreciated until they are commissioned.

### (C) GRANTS AND CONTRIBUTIONS

Grants and contributions on capital expenditure, other than those relating to infrastructure assets, are credited to a deferral account and are released to revenue evenly over the expected useful life of the relevant asset.

Grants and contributions to capital expenditure on infrastructure assets are deducted from the cost of these assets in order to show a true and fair view. Other grants and contributions are credited to profit and loss account in the year to which they apply.

### (D) LEASED ASSETS

Where assets are financed by leasing arrangements which transfer substantially all the risks and rewards of ownership of an asset to the lessee (finance leases), the assets are treated as if they had been purchased and the corresponding capital cost is shown as an obligation to the lessor. Leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the obligation to the lessor, and the finance costs being written off to the profit and loss account over the period of the lease. The assets are depreciated over the shorter of their estimated useful lives and the lease period. All other leases are regarded as operating leases. Rental costs arising under operating leases are expensed over the term of the lease.

### (E) INVESTMENTS

Investments held as fixed assets, including investments in associated undertakings, are stated at cost less provisions for permanent diminution in value.

## Notes to the Financial Statements continued

### 1. Accounting policies continued

#### (F) STOCKS AND WORK IN PROGRESS

Stocks are stated at cost less any provision necessary to recognise damage and obsolescence. Work in progress is valued at the lower of cost and net realisable value. Cost includes labour, materials, transport and an element of overheads.

#### (G) PENSION COSTS

The Company is a member of the Anglian Water Plc Group, which operates two defined benefit pension schemes. Contributions to the Group's schemes are charged to the profit and loss account so as to spread the regular cost of pensions over the average service lives of employees, in accordance with the provisions of an independent qualified actuary. Actuarial surpluses and deficits are amortised, where appropriate, over the average remaining service lives of employees in proportion to their expected payroll costs.

#### (H) RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to the profit and loss account as it is incurred.

#### (I) DEFERRED TAXATION

Tax deferred as a result of timing differences is only provided for to the extent that there is a reasonable probability that such deferred taxation will be payable in the foreseeable future.

### 2. Segmental analysis

(a) Analysis of turnover and operating profit by class of business	Turnover		Operating profit	
	1992 £m	1991 £m	1992 £m	1991 £m
Water supply	228.6	195.4	60.8	46.8
Sewerage services	286.2	255.2	134.7	123.6
Other trading activities	2.1	1.1	(0.4)	(0.3)
	<b>516.9</b>	<b>451.7</b>	<b>195.1</b>	<b>170.1</b>

Substantially all turnover and operating profit arises in the UK.

#### (b) Analysis of net assets by class of business

	1992 £m	1991 £m
Water supply	564.4	483.6
Sewerage services	1,089.3	959.9
Other trading activities	4.7	4.3
	<b>1,658.4</b>	<b>1,447.8</b>
Debt and dividends payable	<b>(347.5)</b>	<b>(234.6)</b>
	<b>1,310.9</b>	<b>1,213.2</b>

### 3. Operating costs

	1992 £m	1991 £m
Raw materials and consumables	28.0	27.2
Other external charges	155.0	130.7
Staff costs (see note 10)	69.6	59.9
Own work capitalised	(10.3)	(6.4)
	<b>242.3</b>	<b>211.4</b>
Depreciation of tangible fixed assets	39.6	33.5
Amortisation of deferred grants and contributions	(1.0)	
Infrastructure renewals	37.6	36.7
	<b>318.5</b>	<b>281.6</b>

	1992	1991
	£m	£m
<b>4. Exceptional items</b>		
Restructuring and relocation costs	3.3	
	<hr/>	<hr/>
<b>5. Operating profit</b>	1992	1991
	£m	£m
Operating profit is stated after charging/(crediting):		
Hire of plant and machinery	1.0	0.6
Other operating lease costs	0.2	0.2
Auditors' remuneration	0.2	0.2
Research and development expenditure	2.7	2.9
Grants and contributions	(0.4)	(0.3)
	<hr/>	<hr/>
<b>6. Other income</b>	1992	1991
	£m	£m
Profit on sale of tangible fixed assets	0.2	0.3
	<hr/>	<hr/>
<b>7. Interest payable (net)</b>	1992	1991
	£m	£m
Overdrafts and other loans repayable wholly within five years	1.2	1.6
Long term loans (any part repayable after five years)	20.9	16.1
Finance leases	1.4	0.6
	23.5	18.3
Interest receivable	(1.8)	(1.0)
	21.7	17.3
	<hr/>	<hr/>
Interest payable on overdrafts and other loans repayable wholly within five years includes £ml (1991 - £1.2m) payable to the parent company in respect of finance charges. Interest payable on long term loans of £12.5m (1991 - £10.3m) is payable to the parent company and includes the indexation element of the index linked loan (see note 17)		
<b>8. Taxation</b>		
Taxation allowances on capital expenditure are sufficient to ensure that no corporation tax liability arises. No provision for deferred taxation is required for the year ended 31 March 1992 (see note 20)		
<b>9. Dividends</b>	1992	1991
	£m	£m
Interim dividend	24.9	23.2
Proposed final dividend	51.0	45.6
	75.9	68.8
	<hr/>	<hr/>
<b>10. Employee information</b>	1992	1991
	£m	£m
Staff costs:		
Wages and salaries	59.0	50.7
Social security costs	4.4	3.8
Other pension costs (see note 24)	6.2	5.4
	69.6	59.9
	<hr/>	<hr/>
Average number of full time equivalent persons employed in the UK:	1992	1991
Numbers employed	3,927	3,629
	<hr/>	<hr/>

## Notes to the Financial Statements continued

<b>11. Directors</b>	<b>1992</b>	<b>1991</b>
<b>Emoluments of Directors</b>	<b>£000</b>	<b>£000</b>
Fees	-	-
Contributions to pension schemes	28	30
Other emoluments	233	213
	<b>261</b>	<b>243</b>

The emoluments of the Chairman, excluding pension contributions, were	-*	-
The emoluments of the highest paid Director, excluding pension contributions, were	66	60

The emoluments of the other Directors of the Company, excluding pension contributions, were within the following ranges:

	No. of Directors	
	1992	1991
£ 0 - £ 5,000	4*	4
£40,001 - £45,000	-	1
£45,001 - £50,000	1	-
£50,001 - £55,000	-	2
£55,001 - £60,000	1	-
£60,001 - £65,000	1	-

\*No emoluments were paid to A F Smith (Chairman), J A Simpson, A G Semple, C J Mellor and (for 1992 only) D C F Latham in respect of their services as Directors of Anglian Water Services Limited. Their emoluments are paid by Anglian Water Plc and included as appropriate within management recharges.

Details of share options granted to Directors are shown under Directors' interests below.

### Directors' interests

The interests of the Directors in the shares of Anglian Water Plc and in options over such shares granted under that Company's Executive Share Option Scheme and Sharesave Scheme are set out below.

Beneficial and family interests	31 March 1992 No. of shares	1 April 1991 No. of shares
A F Smith*	786	786
J A Simpson*	786	786
A G Semple*	1,080	1,080
C J Mellor*	487	587
D C F Latham	1,381	1,481
J W Green	2,291	2,291
P J Matthews	3,295	3,295
P Howarth	2,000	"
J W Smith	-	-

11. Directors continued	Options at 31 March 1992		Options granted during the year	
	Anglian Water Sharesave Scheme	Anglian Water Executive Share Option Scheme	Anglian Water Sharesave Scheme	Anglian Water Executive Share Option Scheme
À F Smith*	8,893	104,858	2,757	39,110
J A Simpson*	8,893	87,496	2,757	26,917
A G Semple*	4,772	74,634	-	20,015
C J Mellor*	4,827	73,792	1,378	26,227
D C F Latham	8,893	37,822	2,757	10,890
J W Green	9,916	26,129	2,757	13,957
P J Matthews	10,467	16,773	3,308	4,601
P Howarth	2,757	7,055	2,757	7,055
J W Smith	827	10,662	827	4,064

\*These beneficial interests in shares and options are the same as, and not additional to, those disclosed in the Annual Report of Anglian Water Plc.

No options have been exercised by Directors during the year. No Director has an interest in the shares of the Company or any other Group company other than as shown above.

Options granted under the Sharesave Scheme are normally exercisable within a period of six months after either the fifth or seventh anniversary of the date of the savings contract. These options were granted on 12 December 1989 at £1.76, on 6 December 1990 at £2.67 and on 30 December 1991 at £2.72. Options under the Executive Share Option Scheme are normally exercisable during a period commencing on the third anniversary and ending on the tenth anniversary of grant. These options were granted on 19 February 1990 at £2.99, on 20 June 1990 at £2.93, on 10 January 1991 at £3.31 and on 7 December 1991 at £3.26.

12. Tangible fixed assets	Water supply £m	Sewerage services £m	Other trading activities £m	General £m	Total £m
<b>Cost</b>					
At 31 March 1991	568.2	1,112.7	1.9	103.1	1,785.9
Additions	108.0	144.0	-	18.7	270.7
Disposals	(0.1)	(0.1)	-	(1.9)	(2.1)
At 31 March 1992	676.1	1,256.6	1.9	119.9	2,054.5
<b>Grants and contributions</b>					
At 31 March 1991	6.6	6.4	-	-	13.0
Additions	10.5	6.0	-	-	16.5
At 31 March 1992	17.1	12.4	-	-	29.5
<b>Depreciation</b>					
At 31 March 1991	43.7	120.9	0.4	32.5	197.5
Charge for the year	8.4	20.6	-	10.6	39.6
Disposals	-	-	-	(1.7)	(1.7)
At 31 March 1992	52.1	141.5	0.4	41.4	235.4
<b>Net book amount</b>					
At 31 March 1992	606.9	1,102.7	1.5	78.5	1,789.6
At 31 March 1991	517.9	985.4	1.5	70.6	1,575.4

General assets comprise assets which are shared by a number of services. Tangible fixed assets at 31 March 1992 include £253.8m of assets in the course of construction (1991 - £204.4m).

## Notes to the Financial Statements continued

### 12. Tangible fixed assets continued

Tangible fixed assets include assets not subject to depreciation as follows:

	1992 £m	1991 £m
Land	6.5	6.1
Infrastructure assets	759.9	698.2
	<b>766.4</b>	<b>704.3</b>

The net book value of tangible fixed assets held under finance leases at 31 March 1992 was £41.5m (1991 - £2.7m). Depreciation charged on assets held under finance leases during the year ended 31 March 1992 amounted to £1.0m (1991 - £1.3m).

#### Investment commitments

The Company has a substantial long term investment programme, which includes expenditure to meet regulatory requirements, shortfalls in performance and condition and to provide for new demand and growth.

The table below only includes short term investment commitments for projects where contracts have been placed or for authorised projects where contracts have not yet been placed:

	1992 £m	1991 £m
Contracted for but not provided in the financial statements	151.9	154.1
Authorised but not yet contracted for	648.3	410.9

### 13. Investments

	Subsidiary undertakings £m	Associated undertakings £m	Other participating interests £m	Total £m
<b>Shares at cost</b>				
At 31 March 1991 and 1992	-	-	0.2	0.2
<b>Loans</b>				
At 31 March 1991	0.3	2.2		2.5
Additions		0.3		0.3
At 31 March 1992	0.3	2.5	-	2.8
<b>Net book amount</b>				
At 31 March 1992	0.3	2.5	0.2	3.0
At 31 March 1991	0.3	2.2	0.2	2.7

The associated undertaking, which is registered and principally operates in England, is:

	Activity	Number of shares in issue	Nominal value of share capital in issue	% held	Class of share
Graham Carbons Limited	Regeneration of granular activated carbon	40,000	£40,000	50	Ordinary £1 shares

At 31 March 1992 the following subsidiary undertaking, which is registered and principally operates in England, was 100% owned by the Company.

#### Activities

F. Smith & Son (Grimsby) Limited      Well-drilling and hole-boring.

The Company also owns a number of non-trading companies.

Consolidated accounts have not been prepared as permitted under Section 228 of the Companies Act 1985, since the Company is itself a wholly owned subsidiary of Anglian Water Plc. In the opinion of the Directors the value of the Company's investments is not less than the amount at which they are stated in the balance sheet.

	1992 £m	1991 £m
<b>14. Stocks and work in progress</b>		
Consumable stores	5.4	5.7
Work in progress	0.5	0.8
	<b>5.9</b>	<b>6.5</b>

The current replacement cost of stocks does not materially exceed the historical costs stated above.

	1992 £m	1991 £m
<b>15. Debtors</b>		
<b>Amounts falling due within one year</b>		
Trade debtors	66.0	60.8
Amounts owed by Group undertakings	1.0	0.9
Other debtors	12.7	13.9
Prepayments and accrued income	0.8	0.3
	<b>80.5</b>	<b>75.9</b>
<b>Amounts falling due after more than one year</b>		
Other debtors	0.1	3.2
	<b>80.6</b>	<b>79.1</b>

	1992 £m	1991 £m
<b>16. Creditors: amounts falling due within one year</b>		
Bank loans, overdrafts and temporary borrowings	6.6	6.1
Current portion of long term loans	0.7	1.5
Obligations under finance leases	0.9	1.2
<b>Short term borrowings</b>	<b>8.2</b>	<b>8.8</b>
Trade creditors	77.3	91.3
Amounts owed to Group undertakings	1.6	11.5
Receipts in advance	19.7	33.3
Other taxation and social security	1.9	1.3
Accruals and deferred income	3.4	1.9
Proposed dividend	51.0	45.6
<b>Other creditors</b>	<b>154.9</b>	<b>184.9</b>

## Notes to the Financial Statements continued

	1992 £m	1991 £m
<b>17. Loans and other borrowings falling due after more than one year</b>		
Repayable wholly within 5 years	0.7	1.6
Repayable by instalments, any one of which is due for repayment after 5 years	174.3	71.5
Repayable after 5 years	113.3	107.1
	<b>288.3</b>	<b>180.2</b>
Due for repayment as follows:		
Between 1 and 2 years	1.2	1.6
Between 2 and 5 years	10.0	3.7
After 5 years	277.1	174.9
	<b>288.3</b>	<b>180.2</b>

Loans wholly or partly repayable after 5 years include the following:

	Interest rate %	Repayment date	1992 £m	1991 £m
Index linked loan with the parent company	5.125	-	112.9	107.0
Loans from the European Investment Bank	9.9-11.5	1995-2007	105.0	40.0

The value of the capital and interest elements of the index linked loan are linked to movements in the Retail Price Index. The increase in the capital value during the year of £5.9m (1991 - £7.0m) has been taken to the profit and loss account as part of interest payable. The loan is repayable on 366 days notice, but has no fixed repayment date and the Directors do not consider it likely that the loan will be repaid within the next five years.

Other interest rates are in the range 5.1% to 9.1%. Of the remaining loans and other borrowings, approximately £1.5m are at fixed rates and the remainder are at variable rates.

Loans and other borrowings include £1.5m (1991 - £4.8m) secured on the revenues of the Company. Included in the above are amounts due under finance leases of £0.6m (1991 - £1.5m), payable between one and five years and £41.0m (1991 - £nil) payable after five years.

	1992 £m	1991 £m
<b>18. Other creditors falling due after more than one year</b>		
Trade creditors	2.4	3.1
Receipts in advance	1.2	2.2
Deferred grants and contributions	28.6	13.8
	<b>32.2</b>	<b>19.1</b>

	Infrastructure renewals £m	Restructuring costs £m	Total £m
<b>19. Provisions for liabilities and charges</b>			
At 31 March 1991	57.5	-	57.5
Utilised in the year	(13.7)	(0.1)	(13.8)
Charge for the year	37.6	3.3	40.9
At 31 March 1992	<b>81.4</b>	<b>3.2</b>	<b>84.6</b>



## 20. Deferred taxation

In accordance with the Company's accounting policy there is no requirement for a provision for deferred taxation at 31 March 1992.

The full potential deferred taxation liability, calculated under the liability method at a tax rate of 33%, is:

	1992 £m	1991 £m
Accelerated capital allowances	97.0	73.3
Other timing differences	(31.4)	(23.5)
Available tax losses	(51.6)	(49.8)
Advance corporation tax available for surrender from the parent company	(10.6)	-
	3.4	-

Further capital allowances will become available in respect of infrastructure assets. The allowances will reduce the Company's corporation tax liability over a number of years by £122.6m (1991 - £136.1m), assuming a tax rate of 33%.

## 21. Commitments under operating leases

At 31 March 1992 the Company had commitments to make payments during the next 12 months under non-cancellable operating leases which expire as follows:

	Land and buildings £m	Other £m
Between 1 and 5 years	-	0.2
After 5 years	0.5	-
	0.5	0.2

## 22. Share capital

	1992 £m	1991 £m
<b>Authorised</b>		
Ordinary shares of £1 each	860.0	860.0
<b>Allotted, issued and fully paid</b>		
Ordinary shares of £1 each	860.0	860.0

## 23. Profit and loss account

	£m
At 31 March 1991	353.2
Retained profit for the year	97.7
At 31 March 1992	450.9

## 24. Pension commitments

The Company is a member of the Anglian Water Plc Group. The Group operates pension schemes covering the majority of its employees. The two principal schemes are the Anglian Water Mirror Image Pension Scheme and the Anglian Water Pension Scheme. These schemes are both of the defined benefit type. The administration and investment of the pension funds are maintained independently from the finances of the Group. Further details may be found within the accounts of Anglian Water Plc.

The pensions charge for the year ended 31 March 1992 was £6.2m (1991 - £5.4m).

## Notes to the Financial Statements continued

### 25. Contingent liabilities

There were contingent liabilities at 31 March 1992 in respect of bridging guarantees amounting to £0.2m (1991 - £0.3m) upon which no material losses are likely to arise.

### 26. Ultimate parent company

The Company's ultimate parent company is Anglian Water Plc, which is registered in England, copies of whose accounts may be obtained from the Company Secretary, Anglian House, Ambury Road, Huntingdon, Cambridgeshire PE18 6NZ.

### 27. Notes to the cash flow statement

	1992	1991	Change in year	
	£m	£m	1992	1991
			£m	£m
a) Reconciliation of operating profit to net cash inflow from operating activities				
Operating profit	195.1	170.1		
Other income	0.2	0.3		
Depreciation (net of amortisation of deferred grants and contributions)	38.6	33.5		
Provision for infrastructure renewals	37.6	36.7		
Net movement in restructuring provision	3.2			
Gain on sale of fixed assets	(0.2)	(0.3)		
	274.5	240.3		
Changes in working capital:				
Decrease in stocks	0.6	0.3		
(Increase) in debtors	(2.0)	(10.0)		
(Decrease)/increase in creditors	(27.8)	6.4		
	(29.2)	(3.3)		
Net cash inflow from operating activities	245.3	237.0		
b) Analysis of changes in financing during the year				
Loans and finance lease obligations:				
Due within one year	1.6	2.7	(1.1)	0.7
Due after one year	288.3	180.2	108.1	130.3
	289.9	182.9	107.0	131.0
Changes in the year comprise:				
Net cash inflow			100.1	124.0
Indexation of loan			5.9	7.0
Deferred finance charges on finance lease arrangements			1.0	
			107.0	131.0
c) Analysis of cash and cash equivalents as shown in the balance sheet				
Cash and deposits	-	-	-	(1.7)
Bank loans, overdrafts and temporary borrowings	(6.6)	(6.1)	(0.5)	126.6
	(6.6)	(6.1)	(0.5)	124.9



## **Auditors' Report to the Members of Anglian Water Services Limited**

We have audited the financial statements on pages 4 to 16 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of 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  
Birmingham

3 June 1992

## Regulatory Information

As discussed in the Directors' Report on page 2, the Company's activities are regulated by the conditions of an Instrument of Appointment ("the Licence") granted to the Company by the Secretary of State for the Environment. With certain exceptions, the regulatory provisions do not apply to business activities which are not connected with the carrying out of the water and sewerage functions.

As required by Licence Condition F, an analysis of the profit and loss account between appointed and non-appointed business is set out below. A current cost profit and loss account for the appointed business, and an aggregated balance sheet are shown on page 21. Other current cost disclosures appear on pages 22 to 26.

The regulatory statements are prepared in accordance with guidelines issued by the Director General of Water Services. Under the guidelines the treatment of certain turnover and expenditure items differs from that disclosed in the statutory accounts.

### Historic cost profit and loss account for the year ended 31 March 1992

	1992			1991		
	Appointed £m	Non- appointed £m	Total £m	Appointed £m	Non- appointed £m	Total £m
Turnover	513.3	1.6	514.9	452.5	1.1	453.6
Operating costs	(319.3)	(2.5)	(321.8)	(284.5)	(1.4)	(285.9)
Operating income	0.2	-	0.2	0.3	-	0.3
Operating profit	194.2	(0.9)	193.3	168.3	(0.3)	168.0
Other income	1.5	0.5	2.0	2.4	-	2.4
Interest payable (net)	(21.7)	-	(21.7)	(17.3)	-	(17.3)
Profit on ordinary activities before and after taxation	174.0	(0.4)	173.6	153.4	(0.3)	153.1
Dividends	(75.9)	-	(75.9)	(68.8)	-	(68.8)
Retained profit/(loss) for year	98.1	(0.4)	97.7	84.6	(0.3)	84.3

## Notes and additional information required by the Licence

### 1. Accounting policies

The accounting policies are set out on pages 7 to 8, except that as noted on page 18, under the guidelines issued by the Director General of Water Services certain turnover and expenditure items are treated differently in the regulatory accounts.

### 2. Statement of assets and liabilities and cash flows

The assets and liabilities and cash flows of the Company are shown on pages 5 and 6 respectively. Since net operating assets of the non-appointed business are less than 1% of those of the appointed business, a statement of assets and liabilities and a cash flow statement have been published only for the Company as a whole.

### 3. Information in relation to allocations and apportionments between the appointed and any other business or activity of the appointee or associated company

The non-appointed businesses relate mainly to recreation, leisure, training and the provision of engineering and plumbing services. A proportion of the operating costs relating to these activities are directly incurred and do not require allocation. The remaining operating costs have been allocated pro-rata to the level of sales attributable to the non-appointed business.

### 4. Allocations to principal service

(i) Operating costs. The majority of costs are incurred directly by specific service and have not required allocation. Divisional administration costs are allocated pro-rata to direct operating costs. Office and managerial costs are allocated according to time spent on each principal service by the staff concerned.

The allocation to principal service of the charge for infrastructure renewals is based on the Asset Management Plan.

(ii) Capital costs. The majority of capital costs, and hence the related depreciation charges, are incurred directly by specific service and have not required allocation.

### 5. Protection of the core business

(i) In the opinion of the Directors, the Company will have available to it sufficient financial resources and facilities to enable it to carry out, for at least the next 12 months, the Regulated Activities (including the investment programme necessary to fulfil its obligations under the Appointment).

(ii) In the opinion of the Directors the Company will, for at least the next 12 months, have available to it management resources which are sufficient to enable it to carry out those functions.

### 6. Ring fencing

In the opinion of the Directors, the Company was in compliance with paragraph 3.1 of Condition K of the Licence throughout the year.

### 7. Information in respect of transactions with any other business or activity of the appointee or any associated company

To the best of the Directors' knowledge, all appropriate transactions with associated companies have been disclosed in notes (a) to (f) below:

#### (a) Borrowings or sums lent

Sums lent by the appointee to associated companies

Borrower	Principal amount £m	Repayment date	Interest rate (%)
Graham Carbons Limited	2.5	2001	11.25
F. Smith & Son (Grimsby) Limited	0.3	On demand	11.25

Sums borrowed by the appointee from associated companies:

Lender	Principal amount £m	Repayment date	Interest rate (%)
Anglian Water Plc - index linked	112.9	Repayable on 366 days notice	5.125*
- other	0.3	On demand	11.25

\*The loan bears interest of 5.125%. However, the value of the capital and interest elements are linked to movements in the Retail Price Index. The increase in the capital value during the year was £5.9m.

## Regulatory Information *continued*

### 7. Information in respect of transactions with any other business or activity of the appointee or any associated company *continued*

#### (b) Guarantees/securities

The appointee has guaranteed the following borrowings of Anglian Water Plc:

	Amount £m	Repayment date	Interest rate %
Index Linked Loan Stock	112.9	2008	5.125
Fixed Rate Bond	100.0	2014	12.000

#### (c) Transfers of assets/liabilities

No material transfers took place during the year.

#### (d) Supply of services

Services supplied by the appointee to associated companies:

Nature of transaction	Company	Terms of supply	Value £m
Rental/office accommodation	Anglian Water Engineering and Business Systems Limited	Market rent or allocation of cost	2.0
Rental of office accommodation	Anglian Water Plc	Market rent	0.2
Other services	Various	Market rates	0.5
			2.7

Services supplied to the appointee by associated companies:

Nature of transaction	Company	Terms of supply	Value £m
Supply of customer accounting, exchequer and computer services	Anglian Water Engineering and Business Systems Limited	At cost of supply	30.5
Supply of engineering design and project control services	Anglian Water Engineering and Business Systems Limited	At cost of supply	19.4
Management charge	Anglian Water Plc	Recharge of appropriate costs	7.9
Engineering construction and fabrication	Anglian Engineering Services Limited	Competitive tendering/negotiated market rates	2.5
Engineering construction and fabrication	Farm Gas Limited	Competitive tendering	1.7
Well-drilling	F. Smith & Son (Grimsby) Limited	Negotiated market rates	1.4
Supply of granular activated carbon	Graffham Carbons Limited	At cost of supply under terms of joint venture agreement	1.2
Other services	Various	Negotiated market rates	0.1
			64.7*

\*This total includes amounts of £25.4m which were capitalised by the appointed business.

#### (e) Omissions of rights

No material omissions took place during the year.

#### (f) Waivers

There were no material waivers during the year.

## Current Cost Financial Statements

Current cost profit and loss account for the appointed business for the year ended 31 March 1992			
	Note	1992 £m	1991 £m
Turnover	2	513.3	452.5
Operating costs	2	(353.2)	(318.8)
Operating income		0.1	0.3
		160.2	134.0
Working capital adjustment		4.7	5.5
<b>Current cost operating profit</b>		<b>164.9</b>	<b>139.5</b>
Other income		1.5	2.4
Interest payable (net)		(21.7)	(17.3)
Financing adjustment		7.5	15.1
<b>Current cost profit attributable to shareholders</b>		<b>152.2</b>	<b>139.7</b>
Dividends		(75.9)	(68.8)
<b>Current cost profit retained</b>		<b>76.3</b>	<b>70.9</b>

Current cost balance sheet at 31 March 1992			
	Note	1992 £m	1991 £m
<b>Assets employed</b>			
Fixed assets	3	11,409.0	10,714.6
Third party contributions since 31 March 1990		(181.5)	(78.0)
		11,227.5	10,636.6
Working capital	4	(96.7)	(116.5)
<b>Net operating assets</b>		<b>11,130.8</b>	<b>10,520.1</b>
Investments		3.0	2.7
Non-trade debtors		1.2	
Non-trade creditors due within one year		(62.5)	(54.4)
Creditors due after one year		(291.9)	(180.2)
Provision for liabilities and charges		(3.2)	
<b>Net assets employed</b>		<b>10,777.4</b>	<b>10,288.2</b>
<b>Financed by</b>			
Called up share capital		860.0	860.0
Profit and loss account	5	163.0	87.1
Current cost reserves	6	9,754.4	9,341.1
		10,777.4	10,288.2

The balance sheet includes the non-appointed assets and liabilities. These are not sufficiently material to warrant separate disclosure.

# Regulatory Information continued

## Notes to the Current Cost Financial Statements

### 1. Accounting policies

#### (a) General

These accounts have been prepared for Anglian Water Services Limited in accordance with guidance issued by the Director General of Water Services for modified real terms financial statements suitable for regulation in the water industry. They measure profitability on the basis of real financial capital maintenance, in the context of assets which are valued at their current cost value to the business with the exception of assets acquired prior to 31 March 1990.

The accounting policies used are the same as those adopted in the statutory historical cost accounts, except as set out below.

#### (b) Tangible fixed assets

Assets acquired prior to 31 March 1990 and in operational use are valued at the replacement cost of their operating capability. To the extent that the regulatory regime does not allow such assets to earn a return high enough to justify that value, this represents a modification of the value to the business principle. Also, no provision is made for possible funding of future replacements of pre-31 March 1990 assets by contributions from third parties and, to the extent that some of those assets would on replacement be so funded, replacement cost again differs from value to the business. Redundant assets are valued at their recoverable amounts.

##### Land and buildings

Non-specialised operational properties were valued on the basis of open market value for existing use at 31 March 1990 and have been expressed in real terms by indexation using the Retail Price Index (RPI) since that date.

Specialised operational properties acquired since 31 March 1990 are valued at the lower of depreciated replacement cost and recoverable amount, restated annually between periodic Surface Investment Requirement (SIR) reviews by adjusting for inflation as measured by changes in the RPI. The unamortised portion of third party contributions received is deducted in arriving at net operating assets (as described below).

##### Infrastructure assets

Mains, sewers, impounding and pumped raw water storage reservoirs, dams, sludge pipelines and sea outfalls are valued at replacement cost, determined principally on the basis of data provided by the Asset Management Plan (AMP).

A process of continuing refinement of asset records is expected to produce adjustments to existing values when periodic reviews of the AMP take place. In the intervening years, values are restated to take account of changes in the general level of inflation, as measured by changes in the RPI over the year.

##### Other fixed assets

All other fixed assets are valued periodically at depreciated replacement cost. Between periodic SIR reviews, values are restated for inflation as measured by changes in the RPI.

##### Surplus land

Surplus land is valued at recoverable amount, taking into account that part of any proceeds to be passed on to customers under condition B of the Licence.



**1. Accounting policies continued**

**(c) Grants and other third party contributions**

Grants, infrastructure charges, and other third party contributions received since 31 March 1990 are carried forward to the extent that any balance has not been credited to revenue. The balance carried forward is after restatement for the change in the RPI for the year. This balance is treated as for deferred income.

**(d) Real Financial Capital Maintenance adjustments**

These adjustments are made to historical cost profit in order to arrive at profit after the maintenance of financial capital in real terms:

Depreciation adjustment - this is the difference between depreciation based on the current cost value of assets in these accounts and depreciation charged in arriving at historical cost profit.

Disposal of fixed assets adjustment - the difference between the values of realised assets in these current cost accounts and in the historical cost accounts.

The depreciation adjustment and disposal of fixed assets adjustment are incorporated within operating costs in the profit and loss account.

Working capital adjustment - this is calculated by applying the change in the RPI over the year to the opening total of trade debtors and stock less trade creditors.

Financing adjustment - this is calculated by applying the change in the RPI over the year to the opening balance of net finance, which comprises all monetary assets and liabilities in the balance sheet apart from those included in working capital.

**Regulatory Information** continued  
**Notes to the Current Cost Financial Statements**

**2. Analysis of current cost operating profit for the appointed business**

	1992					1991				
	Water services	Sewerage	Sewage treatment & disposal	Sewerage services	Appointed business	Water services	Sewerage	Sewage treatment & disposal	Sewerage services	Appointed business
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Turnover</b>										
Measured	65.3			41.0	106.3	57.0			37.2	94.2
Unmeasured	136.7			216.3	353.0	116.3			195.4	311.7
Trade effluent	-			14.2	14.2	-			13.5	13.5
Revenue grants	0.4			-	0.4	0.3			-	0.3
Non tariff basket charges	11.7			6.8	18.5	9.7			4.8	14.5
Rechargeable work	11.0			0.3	11.3	10.4			0.1	10.5
Services charged to associated companies	0.7			0.6	1.3	-			0.1	0.1
Other	2.2			6.1	8.3	2.4			5.3	7.7
<b>Total turnover</b>	<b>228.0</b>			<b>285.3</b>	<b>513.3</b>	<b>196.1</b>			<b>256.4</b>	<b>452.5</b>
<b>Operating costs</b>										
Manpower costs	29.0	4.8	25.5	30.3	59.3	25.9	4.3	22.8	27.1	53.0
Other costs of employment	1.8	0.4	1.6	2.0	3.8	1.8	0.4	1.6	2.0	3.8
Power	14.6	1.1	8.9	10.0	24.6	13.3	1.0	7.7	8.7	22.0
Rates	16.3	-	9.0	9.0	25.3	14.2	0.2	8.2	8.4	22.6
Hired and contracted services	10.6	2.2	13.5	15.7	26.3	9.3	1.9	12.4	14.3	23.6
Services sub-contracted from associated companies	17.7	7.9	13.7	21.6	39.3	14.8	7.1	12.3	19.4	34.2
Materials and consumables	15.7	1.6	8.6	10.2	25.9	15.9	1.5	9.3	10.8	26.7
Service charges	8.3	0.4	1.7	2.1	10.4	6.3	-	-	-	6.3
Sewerage agencies	-	9.4	-	9.4	9.4	-	8.8	-	8.8	8.8
Other operating costs	3.9	1.2	3.2	4.4	8.3	4.3	1.4	3.7	5.1	9.4
Doubtful debts	3.1	1.5	2.6	4.1	7.2	1.6	0.8	1.5	2.3	3.9
Exceptional items	1.2	1.1	1.0	2.1	3.3	-	-	-	-	-
	122.2	31.6	89.3	120.9	243.1	107.4	27.4	79.5	106.9	214.3
Current cost depreciation	26.0	10.7	36.8	47.5	73.5	23.7	9.9	34.2	44.1	67.8
Amortisation of deferred grants and contributions	(0.2)	-	(0.8)	(0.8)	(1.0)	-	-	-	-	-
Infrastructure renewals expenditure	11.3	2.3	0.1	2.4	13.7	6.3	1.6	0.2	1.8	8.1
Infrastructure renewals accrual	19.8	4.0	0.1	4.1	23.9	25.6	3.0	-	3.0	28.6
<b>Total operating costs</b>	<b>179.1</b>	<b>48.6</b>	<b>125.5</b>	<b>174.1</b>	<b>353.2</b>	<b>163.0</b>	<b>41.9</b>	<b>113.9</b>	<b>155.8</b>	<b>318.8</b>
<b>Operating income</b>										
current cost profit on fixed assets	-			0.1	0.1	0.1			0.2	0.3
Working capital adjustment	2.1			2.6	4.7	2.4			3.1	5.5
<b>Current cost operating profit</b>	<b>51.0</b>			<b>113.9</b>	<b>164.9</b>	<b>35.6</b>			<b>103.9</b>	<b>139.5</b>

### 3. Fixed assets

(a) Fixed assets by service	Water supply £m	Sewerage £m	Sewage treatment & disposal £m	Total £m
<b>Gross replacement cost</b>				
At 31 March 1991	3,792.0	6,485.5	1,764.6	12,042.1
RPI adjustment	151.7	259.4	70.6	481.7
Disposals	(1.3)	(0.6)	(1.0)	(2.9)
Additions	124.1	105.8	109.9	339.8
At 31 March 1992	4,066.5	6,850.1	1,944.1	12,860.7
<b>Depreciation</b>				
At 31 March 1991	490.3	194.1	643.1	1,327.5
RPI adjustment	19.6	7.8	25.7	53.1
Disposals	(1.0)	(0.5)	(0.9)	(2.4)
Charge for the year	26.0	10.7	36.8	73.5
At 31 March 1992	534.9	212.1	704.7	1,451.7
<b>Net book amount</b>				
At 31 March 1992	3,531.6	6,638.0	1,239.4	11,409.0
At 31 March 1991	3,301.7	6,291.4	1,121.5	10,714.6

(b) Fixed assets by type	Specialised operational assets £m	Non specialised operational properties £m	Infra-structure assets £m	Other tangible assets £m	Total £m
<b>Gross replacement cost</b>					
At 31 March 1991	2,899.7	60.2	8,992.2	90.0	12,042.1
RPI adjustment	116.0	2.4	359.7	3.6	481.7
Disposals	-	-	-	(2.9)	(2.9)
Additions	173.8	2.7	147.3	16.0	339.8
At 31 March 1992	3,189.5	65.3	9,499.2	106.7	12,860.7
<b>Depreciation</b>					
At 31 March 1991	1,281.0	2.7	-	43.8	1,327.5
RPI adjustment	51.2	0.1	-	1.8	53.1
Disposals	-	-	-	(2.4)	(2.4)
Charge for the year	59.0	0.6	-	13.9	73.5
At 31 March 1992	1,391.2	3.4	-	57.1	1,451.7
<b>Net book amount</b>					
At 31 March 1992	1,798.3	61.9	9,499.2	49.6	11,409.0
At 31 March 1991	1,618.7	57.5	8,992.2	46.2	10,714.6

## Regulatory Information continued

### Notes to the Current Cost Financial Statements

#### 3. Fixed assets continued

(c) Net book value of fixed assets by service and by type	Specialised operational assets £m	Non specialised operational properties £m	Infra- structure assets £m	Other tangible assets £m	Total £m
Water supply	602.9	30.5	2,876.9	21.3	3,531.6
Sewerage	247.2	10.6	6,369.7	10.5	6,638.0
Sewage treatment and disposal	948.2	20.8	252.6	17.8	1,239.4
At 31 March 1992	<b>1,798.3</b>	<b>61.9</b>	<b>9,499.2</b>	<b>49.6</b>	<b>11,409.0</b>

The analyses of fixed assets in notes 3(a), (b) and (c) include those of the non-appointed businesses. These are not sufficiently material to warrant separate disclosure.

4. Working capital	1992 £m	1991 £m
Stocks	5.9	6.5
Trade debtors	66.0	60.8
Trade creditors	(21.3)	(32.0)
Short term capital creditors	(56.0)	(62.4)
Infrastructure renewals accrual	(81.4)	(57.5)
Accruals	(0.1)	(1.9)
Tax and social security	(1.9)	(1.3)
Group trade debtors/(creditors)	(0.6)	(10.6)
Other trade debtors/(creditors)	(8.1)	(18.4)
Prepayments	0.8	0.3
	<b>(96.7)</b>	<b>(116.5)</b>

5. Current cost profit and loss account	1992 £m	1991 £m
Opening balance	87.1	16.5
Retained profit/(loss) for the year:		
Appointed business	76.3	70.9
Non-appointed business	(0.4)	(0.3)
Closing balance	<b>163.0</b>	<b>87.1</b>

6. Current cost reserves	1992 £m	1991 £m
Opening balance	9,341.1	3,306.4
AMP/SIR adjustment	-	5,253.7
RPI adjustments:		
Fixed assets	428.6	801.6
Deferred grants and contributions	(3.1)	
Working capital	(4.7)	(5.5)
Financing	(7.5)	(15.1)
Closing balance	<b>9,754.4</b>	<b>9,341.1</b>