

Yorkshire Water Services Limited

DIRECTORS' REPORT AND ACCOUNTS
1992



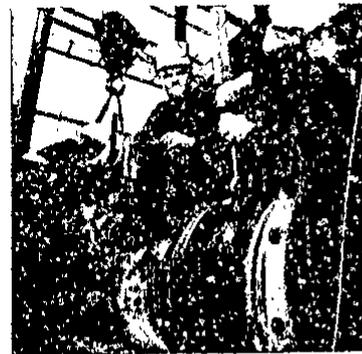
"This year's opening of new water treatment works at Longwood and Frisby represents an important stage in the complete renewal programme which will supply the entire Calder area with water of a quality exceeding all EC standards."

Barry Oxley
Assistant Water Supply and Treatment Manager
Calder Area Frisby Water Treatment Works



"I warmly welcome Yorkshire Water's positive approach to conservation work and improving opportunities for enjoyment of the countryside. In partnership we have achieved much more than we could have hoped to as individual groups."

John Thompson
Group Leader Landscape and Recreation
Peak Park Joint Planning Board



"The first group of distribution employees for the new National Vocational Qualifications whom I have assessed have all successfully achieved the required standard."

Chris Webb
Manual Instructor
Esholt Hall Training Centre, Bradford
Nick Moore, John Goodband, Mark Varah
(Distribution Operatives, Sandy Lane, Lancaster)
recently achieved the NVQ qualification



"Following our initial discussions with Yorkshire Water in 1989 they have invested capital into improving sewage works along this stretch of river. This is now certainly reflected in the quality of the Wharfe and demonstrates what Yorkshire Water could achieve for other rivers."

Tony Grice
Senior Pollution Control Officer
National Rivers Authority



"We were surprised how quickly Yorkshire Water came up with the answer when we had a problem with our supply."

Ira and John Smith
Walton Nr Wakefield



"That a project of this scale, complexity, and incorporating the highest environmental standards is right on schedule, is due largely to the commitment of everybody within Yorkshire Water."

Bill Coulthard
Site Engineer
Calder Valley Sewage Sludge Incinerator



"Because the database is continually updated and improved, we're increasingly able to pinpoint exactly what's going on and where. It's very satisfying to know my contribution is helping to make our operations more efficient."

Tony Watson
Shift Controller
Regional Telemetry System, Buttershaw, Bradford



"In my new role in Customer Services I am able to provide a quicker response and fuller range of customer orientated services than at any time in my 24 years in the water industry."

David Sampson
Customer Advisor, Customer Services
Wakfield



"Having worked on the old system, this new combined technology for all operational and billing enquiries has made it more straightforward to help customers."

Joanna Groves
Customer Services
Buttershaw, Bradford

DIRECTORS' REPORT AND ACCOUNTS 1992

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DIRECTORS' REPORT

The directors have pleasure in presenting their third report, for the year April 1991 to March 1992.

Share Capital

There has been no change, during the year, to the company's share capital of £275 million in shares of £1 each fully paid, all of which is held by Yorkshire Water plc and its nominees.

Principal Activities

The principal activity of the company is the provision of drinking water and waste water management services to the region, broadly comprising North, West and South Yorkshire and North Humberside, for which the company is the water and sewerage undertaker.

Operations and Results for the Year

Major investments on new or refurbished water and sewage plants, water mains and sewers were achieved ahead of programme.

Despite a continuing drought, supplies were maintained with only minor temporary restrictions on use. Two incidents: at Redmires, the detection of cryptosporidium and at Deighton, the slip of a long established tip, were satisfactorily managed. A new Customer Services Department intended to provide an integrated service to customers was successfully established.

Profit on ordinary activities was £126.3 million. An interim dividend of £18.1 million was paid to Yorkshire Water plc in January 1992 and a final dividend of £35.4 million is proposed. An amount of £72.8 million is available to be added to reserves.

Directors

The Directors, all of whom (with the exception of Mr Murdoch, who was appointed on 1 December 1991 and Mr Batty, who resigned as a Director on 20 May 1991) served throughout the year, were:

Sir Gordon Jones
Mr A I Ward
Mr M C Batty
Mr J R Layfield
Mr I G Murdoch
Mr T Newton
Dr A J Shuttleworth
Mr J M Taylor
Mr C A Tunley

Mr C J Stones was appointed a Director on 1 May 1992.

DIRECTORS' REPORT

Directors' and Officers' Liability Insurance

During the year, directors' and officers' liability insurance was arranged on behalf of the company directors and certain specified managers. A premium of £24,000 for twelve months to October 1992 was paid by Yorkshire Water plc on behalf of the Group.

Research and Development

The company has continued to conduct or commission substantial programmes of research and development in order to improve the quality and efficiency of its operations. During the year expenditure amounted to £5 million, including £1.5 million on fixed assets for research and development purposes.

Fixed Assets

The directors are aware that the value of certain land and buildings in the balance sheet is not representative of the market value of these assets. However, a substantial proportion of land and buildings comprises specialised operational properties and structures, for which there is no ready market and it is not, therefore, practicable to provide a full valuation.

Movements in fixed assets are shown in Note 9 to the Accounts and include transfers to YW Enterprises Limited, which have all been made on the basis of independent external valuations obtained specifically for the purpose and approved by the Office of Water Services.

Capital and Infrastructure Renewals Expenditure

Total investment expenditure on regulated activities during the year amounted to £200.2 million. The normalised charge to the Profit and Loss Account for infrastructure renewals was revised during the year, based on the latest available information from the Asset Management Plan, and repriced using the retail price index as recommended by the Director General of Water Services.

Employees

The company seeks to be an equal opportunity employer, to provide encouragement and facilities for disabled men and women to enter or continue in its employment, to set and achieve high standards in its health and safety policies and to promote and secure quality objectives throughout its operations.

Employees participate in the Executive and Sharesave Option Schemes and the Profit Sharing Scheme operated by Yorkshire Water plc.

Contributions

The company made no contributions during the year to political or charitable causes.

Instrument of Appointment

Condition F of the company's Instrument of Appointment as a water and sewerage undertaker requires the company to publish regulatory accounting information in a prescribed format in addition to that required for the statutory accounts. This additional information is included on pages 23 to 38. Further copies of these statements can be obtained, free of charge, by writing to the Customer Services Manager, West Riding House, 67 Albion Street, Leeds LS1 5AA.

Auditors

Pricewaterhouse have expressed their willingness to be re-appointed as auditors of the company. A resolution will be proposed at the Annual General Meeting to re-appoint them.

By Order of the Board



Martin W Plimley
Company Secretary
18 June 1992



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1992

	Notes	1992 £m	1991 £m
Turnover		430.8	384.8
Operating costs	2	<u>(303.2)</u>	<u>(276.8)</u>
Operating profit		127.6	108.0
Interest	4	<u>(1.3)</u>	<u>9.0</u>
Profit on ordinary activities before taxation		126.3	117.0
Taxation	5	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		126.3	117.0
Dividends — first interim	6	(18.1)	(20.0)
— second interim	6		(15.5)
— final	6	<u>(35.4)</u>	<u>(30.5)</u>
Profit retained		<u>72.8</u>	<u>51.0</u>

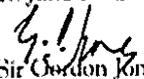
The movement on reserves is shown in Note 22



BALANCE SHEET
AS AT 31 MARCH 1992

	Notes	1992 £m	1991 £m
Fixed Assets			
Tangible assets	9	1,413.4	1,208.8
Investments	10	0.5	0.6
		<u>1,413.9</u>	<u>1,209.4</u>
Current assets			
Stocks	11	4.5	4.3
Debtors	12	189.1	137.5
Cash at bank and in hand		2.7	—
		<u>196.3</u>	<u>141.8</u>
Creditors: amounts falling due within one year			
Short term borrowings	13	(1.5)	(13.9)
Other creditors	16	(147.9)	(126.2)
		<u>(149.4)</u>	<u>(140.1)</u>
Net current assets		<u>46.9</u>	<u>1.7</u>
Total assets less current liabilities		<u>1,460.8</u>	<u>1,211.1</u>
Creditors: amounts falling due after more than one year			
Long term borrowings	14	(209.8)	(85.7)
Other creditors	16	(14.3)	(9.2)
Provisions for liabilities and charges	17	(97.7)	(64.7)
Deferred income	18	(30.1)	(15.4)
		<u>1,108.9</u>	<u>1,036.1</u>
Capital and reserves			
Called up share capital	21	275.0	275.0
Profit and loss account	22	833.9	761.1
		<u>1,108.9</u>	<u>1,036.1</u>

Approved by the board
18 June 1992


Sir Gordon Jones
Chairman



NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following paragraphs summarise the more important accounting policies applied in the preparation of the accounts.

Accounting convention

The accounts have been prepared under the historical cost convention.

Comparative figures

Certain comparative figures for 1991 have been adjusted to reflect the analysis required for regulation purposes under the latest guidelines issued by the Director General of Water Services.

Turnover

Turnover comprises charges to customers for water, sewerage and other services excluding value added tax.

Foreign currencies

All transactions denominated in foreign currencies are translated into sterling at the actual rates of exchange ruling at the dates of the transactions.

Research and development expenditure

Research and development expenditure is written off in the profit and loss account in the year in which it is incurred. Expenditure on fixed assets relating to research and development projects is written off over the expected useful life of those assets.

Leased assets

Assets which are financed by leasing agreements that transfer substantially all the risks and rewards of ownership to the company are capitalised and depreciated over the shorter of their estimated useful lives and the term of the lease. The liability to the leasing company is included within borrowings. All other leases are operating leases and the rentals are charged to the profit and loss account as incurred over the life of the lease.



Infrastructure assets

Infrastructure assets (being mains and sewers, impounding and pumped raw water storage reservoirs, dams and sea outfalls) 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. Expenditure on maintaining the operating capability of the network in accordance with defined standards of service is charged as an operating cost.

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 Asset Management Plan which Yorkshire Water Services Limited is required to prepare under its Instrument of Appointment. Investment priorities and other operational considerations may result in uneven patterns of infrastructure renewals expenditure. Consequently charges to the profit and loss account may be adjusted by way of accruals or deferrals, as appropriate, to take account of any significant fluctuations in actual or planned expenditure. Until such accruals are fully utilised, an additional charge to the profit and loss account is made each year to maintain the value of the unexpended balance brought forward from the previous year.

Other tangible assets

Other tangible assets are included at cost less accumulated depreciation.

Depreciation

Depreciation is charged, where appropriate, on the original cost of assets on a straight-line basis over the estimated economic lives of the assets.

Freehold land is not depreciated.

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.

Depreciation is charged from the date of commissioning of assets and the principal economic lives used are:-

Buildings	30 – 60 years
Fixed plant	20 – 40 years
Vehicles, mobile plant and computers	4 – 10 years



NOTES TO THE ACCOUNTS

Grants and contributions

Grants and contributions in respect of tangible assets, other than infrastructure assets, are treated as deferred income and credited to the profit and loss account by instalments over the expected useful lives of the related assets.

Grants and contributions in respect of expenditure enhancing the infrastructure network are applied in reducing that expenditure. This treatment is adopted because infrastructure assets, as described in the policy above, are not depreciated.

Grants and contributions received in respect of expenditure charged to the profit and loss account during the year are included in the profit and loss account.

Deferred taxation

No provision is made for deferred taxation unless there is a reasonable probability that a liability will occur in the foreseeable future.

Stocks

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

Pensions

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the period benefiting from the employees' services.

Accounting standards

The accounts of the company are prepared in compliance with all applicable accounting standards.



2. OPERATING COSTS

	1992	1991
	£m	£m
Wages and salaries	66.6	60.9
Social security costs	4.8	4.3
Other pension costs	9.1	8.3
Raw materials and consumables	18.8	17.8
Depreciation on owned assets	41.5	38.9
Depreciation on assets held under finance leases	1.3	0.5
Operating lease rentals—plant and equipment	0.7	0.6
—other	0.7	0.5
Short term hire of plant and equipment	0.6	0.5
Auditors' remuneration	0.1	0.1
Other operating charges	89.7	80.5
Inter-company charges	19.9	16.2
Landslip reinstatement	5.5	—
Infrastructure renewals charge	66.5	61.4
	<u>325.8</u>	<u>290.5</u>
Amortisation of grants and contributions associated with capitalised schemes	0.8	0.3
Own work capitalised or charged as infrastructure renewals expenditure	15.4	11.2
Other operating income—inter-company as per sales	4.4	0.4
—other	2.0	1.8
	<u>303.2</u>	<u>276.8</u>

Provision has been made for the estimated costs, chargeable to the profit and loss account, of remedial works at Deighton Sewage Treatment Works following the landslip on 12 February 1992. Of the £5.5 million total provided, 40.5 million had been expended at 31 March 1992. It is anticipated that capital investment of approximately £10 million will be required to provide a satisfactory long term solution.

3. RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development costs, including depreciation, of £3.5 million (1991 £2.5 million) have been charged against operating profit during the year. Additionally an amount of £1.5 million relating to assets acquired for research and development purposes has been capitalised.



NOTES TO THE ACCOUNTS

4. INTEREST

	1992	1991
	£m	£m
Interest payable on:		
Bank and other loans wholly repayable within five years		(0.6)
Bank and other loans not wholly repayable within five years	(10.8)	(5.5)
Amounts due to parent company	(1.2)	(0.5)
Finance charges in respect of finance leases	(5.1)	(0.5)
Other	(0.1)	(0.2)
	<u>(17.2)</u>	<u>(7.3)</u>
Interest receivable on:		
Inter-company loans	15.5	16.1
Other	0.4	0.2
	<u>(1.3)</u>	<u>9.0</u>

5. TAXATION

No corporation tax arises in respect of the profit for the year due to the excess of capital allowances over depreciation.

The full potential deferred tax liability on timing differences, calculated using the liability method, at a tax rate of 33% is:

	1992
	£m
Accelerated capital allowances	128
Unrelieved advanced corporation tax	(30)
Short term timing differences	(32)
	<u>66</u>



6. DIVIDENDS

	1992	1991
	£m	£m
First interim dividend (paid January 1992)	18.1	20.0
Second interim dividend	--	15.5
Proposed final dividend	<u>35.4</u>	<u>30.5</u>
	<u>53.5</u>	<u>66.0</u>

7. DIRECTORS AND EMPLOYEES

	1992	1991
	£000	£000
Directors' emoluments (including pension contributions)	424	289
Emoluments of the Chairman (excluding pension contributions)	--	--
Emoluments of the highest paid director (excluding pension contributions)	84	70

The directors earned emoluments (excluding pension contributions) which fall within the following bands:

£	1992	1991
	Number	Number
0 -- 5,000	3	3
55,001 -- 60,000	--	2
65,001 -- 70,000	2	2
70,001 -- 75,000	1	--
75,001 -- 80,000	1	--
80,001 -- 85,000	1	--

Sir Gordon Jones, Mr T Newton and Mr A J Ward are employees of the holding company, Yorkshire Water plc, and their emoluments are shown in the accounts of that company.

The average number of persons employed by the company during the year was 4031 (1991: 4074).



NOTES TO THE ACCOUNTS

7. DIRECTORS AND EMPLOYEES (continued)

An interest free car loan of £6,186 was made to Mr J M Taylor (director) in 1990 and has been repaid by equal monthly instalments. There was no remaining outstanding balance at the year end (1991: £2,062).

8. PENSIONS

The holding company operates two defined benefit final pay 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 SSAP 24 have been assessed in accordance with the advice of the group's actuaries William M Mercer Fraser Limited, using the projected unit method for the WPS and the attained age method for the WMIS. For this purpose the main actuarial assumption used is that there will be investment growth 2% greater than the rise in pay levels. Full allowance is also made for increases to pensions and deferred pensions under each scheme.

The first actuarial valuation of the two schemes was carried out as at 31 March 1990 and details of the results of this valuation can be found in the accounts of the parent company.



9. TANGIBLE ASSETS

	Land and buildings £m	Infra- structure Assets £m	Plant and equipment £m	Under construction £m	Total £m
Cost					
At 1 April 1991	479.1	415.4	237.2	327.6	1,459.3
Additions	10.3	9.9	8.6	228.8	257.6
Transfers on commissioning	66.1	45.1	42.6	(153.8)	--
Disposals	(1.5)	--	(5.4)	(6.6)	(13.5)
Grants and contributions	--	--	--	(9.1)	(9.1)
At 31 March 1992	554.0	470.4	283.0	386.9	1,694.3
Depreciation					
At 1 April 1991	165.0	--	85.5	--	250.5
Disposals	(0.7)	--	(5.1)	(6.6)	(12.4)
Depreciation for the year	13.9	--	22.3	6.6	42.8
At 31 March 1992	178.2	--	102.7	--	280.9
Net book amount at 31 March 1992	375.8	470.4	180.3	386.9	1,413.4
Net book amount at 31 March 1991	314.1	415.4	151.7	327.6	1,208.8
At 31 March 1992 assets included above held under finance leases amounted to:					
Cost	9.9	--	6.6	92.6	109.1
Depreciation	0.2	--	2.0	--	2.2
Net book amount at 31 March 1992	9.7	--	4.6	92.6	106.9
Net book amount at 31 March 1991	--	--	2.3	20.6	22.9

	Cumulative Cost at 31 March 1992 £m	Cumulative depreciation at 31 March 1992 £m	Net book amount at 31 March 1992 £m	Net book amount at 31 March 1991 £m
--	--	--	--	--

The net book amount of land and buildings comprised:

Freehold properties	552.6	177.9	374.7	312.8
Properties held on lease	1.1	0.2	0.9	1.1
Properties held on short lease	0.3	0.1	0.2	0.2
Total	554.0	178.2	375.8	314.1

The costs of assets transferred to the former Authority on 1 April 1974 are included in land and buildings. 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 amount of fixed assets is £13.6 million lower than it would have been had this treatment not been adopted.



NOTES TO THE ACCOUNTS

10. INVESTMENTS

	Interests in associated undertakings £m	Other unlisted investments £m	Total £m
At 1 April 1991	0.4	0.2	0.6
Additions	—	—	—
Disposals	(0.1)	—	(0.1)
At 31 March 1992	<u>0.3</u>	<u>0.2</u>	<u>0.5</u>

Associated Undertakings

Investments in associated undertakings, all of which are registered in England and operate in the United Kingdom, include:

	Principal activity	Shares in issue	Proportion of issued equity capital held
Corrocoat Services Limited	Engineering	75,000 'A' 25,000 'B'	Nil 100%

Other unlisted investments

The company owns 14% of the issued share capital of Water Pension Fund Holdings Limited a company which is incorporated and operates in the UK providing administrative and like services to water company and other pension funds. The company also holds £26,583 of convertible unsecured loan stock and £26,583 of 'B' ordinary shares in Water Research Centre (1989) Plc, which conducts research on behalf of the water industry.

11. STOCKS

	1992 £m	1991 £m
Raw materials and consumables	4.1	3.8
Work in progress	0.4	0.5
	<u>4.5</u>	<u>4.3</u>



12. DEBTORS

	1992	1991
	£m	£m
Trade debtors	23.0	18.8
Amounts owed by group undertakings	11.6	8.6
Amounts owed by parent company	120.0	75.0
Prepayments and accrued income	25.7	24.6
Other debtors:		
Receivable within one year	7.5	9.4
Receivable after more than one year	<u>1.3</u>	<u>1.1</u>
	<u>189.1</u>	<u>137.5</u>

13. SHORT TERM BORROWINGS

	1992	1991
	£m	£m
Repayable within one year or on demand:		
Bank loans and overdrafts	—	13.1
Other short term loans	0.1	0.1
Finance leases	<u>1.4</u>	<u>0.7</u>
	<u>1.5</u>	<u>13.9</u>

14. LONG TERM BORROWINGS

	1992	1991
	£m	£m
Maturities		
Repayable between one and five years:		
Finance leases	3.2	1.5
Repayable by instalments and maturing after five years:		
Bank loans	102.5	62.5
Other loans	0.9	1.0
Finance leases	103.1	20.6
Wholly repayable after five years:		
Bank loans	<u>0.1</u>	<u>0.1</u>
	<u>209.8</u>	<u>85.7</u>



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1992

	Notes	1992 £m	1991 £m
Turnover		430.8	384.8
Operating costs	2	<u>(303.2)</u>	<u>(276.8)</u>
Operating profit		127.6	108.0
Interest	4	<u>(1.3)</u>	<u>9.0</u>
Profit on ordinary activities before taxation		126.3	117.0
Taxation	5	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		126.3	117.0
Dividends — first interim	6	(18.1)	(20.0)
— second interim	6		(15.5)
— final	6	<u>(35.4)</u>	<u>(30.5)</u>
Profit retained		<u>72.8</u>	<u>51.0</u>

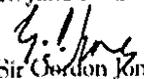
The movement on reserves is shown in Note 22



BALANCE SHEET
AS AT 31 MARCH 1992

	Notes	1992 £m	1991 £m
Fixed Assets			
Tangible assets	9	1,413.4	1,208.8
Investments	10	0.5	0.6
		<u>1,413.9</u>	<u>1,209.4</u>
Current assets			
Stocks	11	4.5	4.3
Debtors	12	189.1	137.5
Cash at bank and in hand		2.7	—
		<u>196.3</u>	<u>141.8</u>
Creditors: amounts falling due within one year			
Short term borrowings	13	(1.5)	(13.9)
Other creditors	16	(147.9)	(126.2)
		<u>(149.4)</u>	<u>(140.1)</u>
Net current assets		<u>46.9</u>	<u>1.7</u>
Total assets less current liabilities		<u>1,460.8</u>	<u>1,211.1</u>
Creditors: amounts falling due after more than one year			
Long term borrowings	14	(209.8)	(85.7)
Other creditors	16	(14.3)	(9.2)
Provisions for liabilities and charges	17	(97.7)	(64.7)
Deferred income	18	(30.1)	(15.4)
		<u>1,108.9</u>	<u>1,036.1</u>
Capital and reserves			
Called up share capital	21	275.0	275.0
Profit and loss account	22	833.9	761.1
		<u>1,108.9</u>	<u>1,036.1</u>

Approved by the board
18 June 1992


Sir Gordon Jones
Chairman



2. OPERATING COSTS

	1992	1991
	£m	£m
Wages and salaries	66.6	60.9
Social security costs	4.8	4.3
Other pension costs	9.1	8.3
Raw materials and consumables	18.8	17.8
Depreciation on owned assets	41.5	38.9
Depreciation on assets held under finance leases	1.3	0.5
Operating lease rentals—plant and equipment	0.7	0.6
—other	0.7	0.5
Short term hire of plant and equipment	0.6	0.5
Auditors' remuneration	0.1	0.1
Other operating charges	89.7	80.5
Inter-company charges	19.9	16.2
Landslip reinstatement	5.5	—
Infrastructure renewals charge	66.5	61.4
	<u>325.8</u>	<u>290.5</u>
Amortisation of grants and contributions associated with capitalised schemes	0.8	0.3
Own work capitalised or charged as infrastructure renewals expenditure	15.4	11.2
Other operating income—inter-company as per sales	4.4	0.4
—other	2.0	1.8
	<u>303.2</u>	<u>276.8</u>

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3. RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development costs, including depreciation, of £3.5 million (1991 £2.5 million) have been charged against operating profit during the year. Additionally an amount of £1.5 million relating to assets acquired for research and development purposes has been capitalised.



NOTES TO THE ACCOUNTS

4. INTEREST

	1992	1991
	£m	£m
Interest payable on:		
Bank and other loans wholly repayable within five years		(0.6)
Bank and other loans not wholly repayable within five years	(10.8)	(5.5)
Amounts due to parent company	(1.2)	(0.5)
Finance charges in respect of finance leases	(5.1)	(0.5)
Other	(0.1)	(0.2)
	<u>(17.2)</u>	<u>(7.3)</u>
Interest receivable on:		
Inter-company loans	15.5	16.1
Other	0.4	0.2
	<u>(1.3)</u>	<u>9.0</u>

5. TAXATION

No corporation tax arises in respect of the profit for the year due to the excess of capital allowances over depreciation.

The full potential deferred tax liability on timing differences, calculated using the liability method, at a tax rate of 33% is:

	1992
	£m
Accelerated capital allowances	128
Unrelieved advanced corporation tax	(30)
Short term timing differences	(32)
	<u>66</u>



9. TANGIBLE ASSETS

	Land and buildings £m	Infra- structure Assets £m	Plant and equipment £m	Under construction £m	Total £m
Cost					
At 1 April 1991	479.1	415.4	237.2	327.6	1,459.3
Additions	10.3	9.9	8.6	228.8	257.6
Transfers on commissioning	66.1	45.1	42.6	(153.8)	--
Disposals	(1.5)	--	(5.4)	(6.6)	(13.5)
Grants and contributions	--	--	--	(9.1)	(9.1)
At 31 March 1992	554.0	470.4	283.0	386.9	1,694.3
Depreciation					
At 1 April 1991	165.0	--	85.5	--	250.5
Disposals	(0.7)	--	(5.1)	(6.6)	(12.4)
Depreciation for the year	13.9	--	22.3	6.6	42.8
At 31 March 1992	178.2	--	102.7	--	280.9
Net book amount at 31 March 1992	375.8	470.4	180.3	386.9	1,413.4
Net book amount at 31 March 1991	314.1	415.4	151.7	327.6	1,208.8
At 31 March 1992 assets included above held under finance leases amounted to:					
Cost	9.9	--	6.6	92.6	109.1
Depreciation	0.2	--	2.0	--	2.2
Net book amount at 31 March 1992	9.7	--	4.6	92.6	106.9
Net book amount at 31 March 1991	--	--	2.3	20.6	22.9

	Cumulative Cost at 31 March 1992 £m	depreciation at 31 March 1992 £m	Net book amount at 31 March 1992 £m	Net book amount at 31 March 1991 £m
--	--	--	--	--

The net book amount of land and buildings comprised:

Freehold properties	552.6	177.9	374.7	312.8
Properties held on lease	1.1	0.2	0.9	1.1
Properties held on short lease	0.3	0.1	0.2	0.2
Total	554.0	178.2	375.8	314.1

The costs of assets transferred to the former Authority on 1 April 1974 are included in land and buildings. 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 amount of fixed assets is £13.6 million lower than it would have been had this treatment not been adopted.



12. DEBTORS

	1992	1991
	£m	£m
Trade debtors	23.0	18.8
Amounts owed by group undertakings	11.6	8.6
Amounts owed by parent company	120.0	75.0
Prepayments and accrued income	25.7	24.6
Other debtors:		
Receivable within one year	7.5	9.4
Receivable after more than one year	<u>1.3</u>	<u>1.1</u>
	<u>189.1</u>	<u>137.5</u>

13. SHORT TERM BORROWINGS

	1992	1991
	£m	£m
Repayable within one year or on demand:		
Bank loans and overdrafts	—	13.1
Other short term loans	0.1	0.1
Finance leases	<u>1.4</u>	<u>0.7</u>
	<u>1.5</u>	<u>13.9</u>

14. LONG TERM BORROWINGS

	1992	1991
	£m	£m
Maturities		
Repayable between one and five years:		
Finance leases	3.2	1.5
Repayable by instalments and maturing after five years:		
Bank loans	102.5	62.5
Other loans	0.9	1.0
Finance leases	103.1	20.6
Wholly repayable after five years:		
Bank loans	<u>0.1</u>	<u>0.1</u>
	<u>209.8</u>	<u>85.7</u>



NOTES TO THE ACCOUNTS

15. AGGREGATE BORROWINGS AND CASH

	Bank loans and overdrafts	Other loans	Finance leases	Total
	£m	£m	£m	£m
Repayments				
Within one year or on demand	-	0.1	1.4	1.5
Between one and two years	-	0.1	1.4	1.5
Between two and five years	10.3	0.3	1.8	12.4
After five years	92.3	0.5	103.1	5.9
	<u>102.6</u>	<u>1.0</u>	<u>107.7</u>	<u>211.3</u>
Cash and short term deposits				(2.7)
Net borrowings				<u>208.6</u>

Borrowings, any part of which is repayable after five years, have been negotiated at fixed and variable interest rates which at 31st March 1992 ranged between 7% and 12½%.

Security against the revenues of Yorkshire Water Services Limited has been given on £0.1m (1991: £0.1m) of the above borrowings.

16. OTHER CREDITORS

	1992	1991
	£m	£m
Amounts falling due within one year:		
Trade creditors	24.1	22.7
Capital creditors	52.4	41.9
Amounts owed to parent company – proposed dividend	35.4	30.5
Amounts owed to group undertakings	5.7	3.3
Social security and payroll deductions	2.1	1.9
Accruals	4.9	7.0
Receipts in advance	19.6	16.8
Other creditors	3.7	2.1
	<u>147.9</u>	<u>126.2</u>
Amounts falling due after more than one year:		
Capital creditors	3.7	4.2
Other creditors	10.6	5.0
	<u>14.3</u>	<u>9.2</u>



17. PROVISIONS FOR LIABILITIES AND CHARGES

A charge is made to the profit and loss account for infrastructure renewals expenditure which reflects planned expenditure on maintaining the operating capability of infrastructure assets. The provision represents the unexpended balance of the profit and loss account charge carried forward.

	Infrastructure Renewals £m	Landslip Reinstatement £m	Total £m
At 1 April 1991	64.7		64.7
Charged in profit and loss account	28.0	5.0	33.0
At 31 March 1992	<u>92.7</u>	<u>5.0</u>	<u>97.7</u>

18. DEFERRED INCOME

	£m
At 1 April 1991	15.4
Received in year	15.5
Released to profit and loss account	(0.8)
At 31 March 1992	<u>30.1</u>

19. COMMITMENTS

	1992 £m	1991 £m
Capital and infrastructure renewals expenditure commitments at 31 March were:		
Contracts placed	189.2	136.3
Authorised but not contracted for	167.2	157.1
	<u>356.4</u>	<u>293.4</u>



NOTES TO THE ACCOUNTS

19. COMMITMENTS (continued)

In addition Yorkshire Water Services Limited has a long term Asset Management Plan which identifies substantial future capital and infrastructure renewals expenditure.

At 31 March 1992 the company was committed to making the following payments during the next financial year under non-cancellable operating leases with terms as set out below:

	Land and buildings 1992 £m	Other 1992 £m	Land and buildings 1991 £m	Other 1991 £m
Leases which expire:				
Within one year	--	0.2	--	0.1
Between one and five years	0.1	0.5	--	0.6
After five years	0.5	--	0.7	--
	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>

20. CONTINGENT LIABILITIES

Under a Revolving Credit Facility Agreement arranged by Yorkshire Water plc, Yorkshire Water Services Limited has issued guarantees in respect of all liabilities of its parent company. As at 31 March 1992 no amounts had been borrowed under this agreement.

The banking arrangements of the company operate on a pooled basis with other group companies and the bank balances of each subsidiary can be offset against each other.

21. CALLED UP SHARE CAPITAL

	Authorised £	Allotted and fully paid £
At 1 April 1991 and 31 March 1992		
Ordinary shares of £1 each	275,000,000	275,000,000



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1992

	Notes	1992 £m	1991 £m
Turnover		430.8	384.8
Operating costs	2	(303.2)	(276.8)
Operating profit		127.6	108.0
Interest	4	(1.3)	9.0
Profit on ordinary activities before taxation		126.3	117.0
Taxation	5	-	-
Profit on ordinary activities after taxation		126.3	117.0
Dividends — first interim	6	(18.1)	(20.0)
— second interim	6	-	(15.5)
— final	6	(35.4)	(30.5)
Profit retained		<u>72.8</u>	<u>51.0</u>

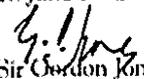
The movement on reserves is shown in Note 22



BALANCE SHEET
AS AT 31 MARCH 1992

	Notes	1992 £m	1991 £m
Fixed Assets			
Tangible assets	9	1,413.4	1,208.8
Investments	10	0.5	0.6
		<u>1,413.9</u>	<u>1,209.4</u>
Current assets			
Stocks	11	4.5	4.3
Debtors	12	189.1	137.5
Cash at bank and in hand		2.7	—
		<u>196.3</u>	<u>141.8</u>
Creditors: amounts falling due within one year			
Short term borrowings	13	(1.5)	(13.9)
Other creditors	16	(147.9)	(126.2)
		<u>(149.4)</u>	<u>(140.1)</u>
Net current assets		<u>46.9</u>	<u>1.7</u>
Total assets less current liabilities		<u>1,460.8</u>	<u>1,211.1</u>
Creditors: amounts falling due after more than one year			
Long term borrowings	14	(209.8)	(85.7)
Other creditors	16	(14.3)	(9.2)
Provisions for liabilities and charges	17	(97.7)	(64.7)
Deferred income	18	(30.1)	(15.4)
		<u>1,108.9</u>	<u>1,036.1</u>
Capital and reserves			
Called up share capital	21	275.0	275.0
Profit and loss account	22	833.9	761.1
		<u>1,108.9</u>	<u>1,036.1</u>

Approved by the board
18 June 1992


Sir Gordon Jones
Chairman



2. OPERATING COSTS

	1992	1991
	£m	£m
Wages and salaries	66.6	60.9
Social security costs	4.8	4.3
Other pension costs	9.1	8.3
Raw materials and consumables	18.8	17.8
Depreciation on owned assets	41.5	38.9
Depreciation on assets held under finance leases	1.3	0.5
Operating lease rentals—plant and equipment	0.7	0.6
—other	0.7	0.5
Short term hire of plant and equipment	0.6	0.5
Auditors' remuneration	0.1	0.1
Other operating charges	89.7	80.5
Inter-company charges	19.9	16.2
Landslip reinstatement	5.5	—
Infrastructure renewals charge	66.5	61.4
	<u>325.8</u>	<u>290.5</u>
Amortisation of grants and contributions associated with capitalised schemes	0.8	0.3
Own work capitalised or charged as infrastructure renewals expenditure	15.4	11.2
Other operating income—inter-company as per sales	4.4	0.4
—other	2.0	1.8
	<u>303.2</u>	<u>276.8</u>

Provision has been made for the estimated costs, chargeable to the profit and loss account, of remedial works at Deighton Sewage Treatment Works following the landslip on 12 February 1992. Of the £5.5 million total provided, 40.5 million had been expended at 31 March 1992. It is anticipated that capital investment of approximately £10 million will be required to provide a satisfactory long term solution.

3. RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development costs, including depreciation, of £3.5 million (1991 £2.5 million) have been charged against operating profit during the year. Additionally an amount of £1.5 million relating to assets acquired for research and development purposes has been capitalised.



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1992

	Notes	1992 £m	1991 £m
Turnover		430.8	384.8
Operating costs	2	<u>(303.2)</u>	<u>(276.8)</u>
Operating profit		127.6	108.0
Interest	4	<u>(1.3)</u>	<u>9.0</u>
Profit on ordinary activities before taxation		126.3	117.0
Taxation	5	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		126.3	117.0
Dividends — first interim	6	(18.1)	(20.0)
— second interim	6		(15.5)
— final	6	<u>(35.4)</u>	<u>(30.5)</u>
Profit retained		<u>72.8</u>	<u>51.0</u>

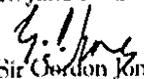
The movement on reserves is shown in Note 22



BALANCE SHEET
AS AT 31 MARCH 1992

	Notes	1992 £m	1991 £m
Fixed Assets			
Tangible assets	9	1,413.4	1,208.8
Investments	10	0.5	0.6
		<u>1,413.9</u>	<u>1,209.4</u>
Current assets			
Stocks	11	4.5	4.3
Debtors	12	189.1	137.5
Cash at bank and in hand		2.7	—
		<u>196.3</u>	<u>141.8</u>
Creditors: amounts falling due within one year			
Short term borrowings	13	(1.5)	(13.9)
Other creditors	16	(147.9)	(126.2)
		<u>(149.4)</u>	<u>(140.1)</u>
Net current assets		<u>46.9</u>	<u>1.7</u>
Total assets less current liabilities		<u>1,460.8</u>	<u>1,211.1</u>
Creditors: amounts falling due after more than one year			
Long term borrowings	14	(209.8)	(85.7)
Other creditors	16	(14.3)	(9.2)
Provisions for liabilities and charges	17	(97.7)	(64.7)
Deferred income	18	(30.1)	(15.4)
		<u>1,108.9</u>	<u>1,036.1</u>
Capital and reserves			
Called up share capital	21	275.0	275.0
Profit and loss account	22	833.9	761.1
		<u>1,108.9</u>	<u>1,036.1</u>

Approved by the board
18 June 1992


Sir Gordon Jones
Chairman



2. OPERATING COSTS

	1992	1991
	£m	£m
Wages and salaries	66.6	60.9
Social security costs	4.8	4.3
Other pension costs	9.1	8.3
Raw materials and consumables	18.8	17.8
Depreciation on owned assets	41.5	38.9
Depreciation on assets held under finance leases	1.3	0.5
Operating lease rentals—plant and equipment	0.7	0.6
—other	0.7	0.5
Short term hire of plant and equipment	0.6	0.5
Auditors' remuneration	0.1	0.1
Other operating charges	89.7	80.5
Inter-company charges	19.9	16.2
Landslip reinstatement	5.5	—
Infrastructure renewals charge	66.5	61.4
	<u>325.8</u>	<u>290.5</u>
Amortisation of grants and contributions associated with capitalised schemes	0.8	0.3
Own work capitalised or charged as infrastructure renewals expenditure	15.4	11.2
Other operating income—inter-company as per sales	4.4	0.4
—other	2.0	1.8
	<u>303.2</u>	<u>276.8</u>

Provision has been made for the estimated costs, chargeable to the profit and loss account, of remedial works at Deighton Sewage Treatment Works following the landslip on 12 February 1992. Of the £5.5 million total provided, 40.5 million had been expended at 31 March 1992. It is anticipated that capital investment of approximately £10 million will be required to provide a satisfactory long term solution.

3. RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development costs, including depreciation, of £3.5 million (1991 £2.5 million) have been charged against operating profit during the year. Additionally an amount of £1.5 million relating to assets acquired for research and development purposes has been capitalised.



NOTES TO THE ACCOUNTS

4. INTEREST

	1992	1991
	£m	£m
Interest payable on:		
Bank and other loans wholly repayable within five years		(0.6)
Bank and other loans not wholly repayable within five years	(10.8)	(5.5)
Amounts due to parent company	(1.2)	(0.5)
Finance charges in respect of finance leases	(5.1)	(0.5)
Other	(0.1)	(0.2)
	<u>(17.2)</u>	<u>(7.3)</u>
Interest receivable on:		
Inter-company loans	15.5	16.1
Other	0.4	0.2
	<u>(1.3)</u>	<u>9.0</u>

5. TAXATION

No corporation tax arises in respect of the profit for the year due to the excess of capital allowances over depreciation.

The full potential deferred tax liability on timing differences, calculated using the liability method, at a tax rate of 33% is:

	1992
	£m
Accelerated capital allowances	128
Unrelieved advanced corporation tax	(30)
Short term timing differences	(32)
	<u>66</u>



9. TANGIBLE ASSETS

	Land and buildings £m	Infra- structure Assets £m	Plant and equipment £m	Under construction £m	Total £m
Cost					
At 1 April 1991	479.1	415.4	237.2	327.6	1,459.3
Additions	10.3	9.9	8.6	228.8	257.6
Transfers on commissioning	66.1	45.1	42.6	(153.8)	--
Disposals	(1.5)	--	(5.4)	(6.6)	(13.5)
Grants and contributions	--	--	--	(9.1)	(9.1)
At 31 March 1992	554.0	470.4	283.0	386.9	1,694.3
Depreciation					
At 1 April 1991	165.0	--	85.5	--	250.5
Disposals	(0.7)	--	(5.1)	(6.6)	(12.4)
Depreciation for the year	13.9	--	22.3	6.6	42.8
At 31 March 1992	178.2	--	102.7	--	280.9
Net book amount at 31 March 1992	375.8	470.4	180.3	386.9	1,413.4
Net book amount at 31 March 1991	314.1	415.4	151.7	327.6	1,208.8
At 31 March 1992 assets included above held under finance leases amounted to:					
Cost	9.9	--	6.6	92.6	109.1
Depreciation	0.2	--	2.0	--	2.2
Net book amount at 31 March 1992	9.7	--	4.6	92.6	106.9
Net book amount at 31 March 1991	--	--	2.3	20.6	22.9

	Cumulative Cost at 31 March 1992 £m	Cumulative depreciation at 31 March 1992 £m	Net book amount at 31 March 1992 £m	Net book amount at 31 March 1991 £m
--	--	--	--	--

The net book amount of land and buildings comprised:

Freehold properties	552.6	177.9	374.7	312.8
Properties held on lease	1.1	0.2	0.9	1.1
Properties held on short lease	0.3	0.1	0.2	0.2
Total	554.0	178.2	375.8	314.1

The costs of assets transferred to the former Authority on 1 April 1974 are included in land and buildings. 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 amount of fixed assets is £13.6 million lower than it would have been had this treatment not been adopted.



12. DEBTORS

	1992	1991
	£m	£m
Trade debtors	23.0	18.8
Amounts owed by group undertakings	11.6	8.6
Amounts owed by parent company	120.0	75.0
Prepayments and accrued income	25.7	24.6
Other debtors:		
Receivable within one year	7.5	9.4
Receivable after more than one year	<u>1.3</u>	<u>1.1</u>
	<u>189.1</u>	<u>137.5</u>

13. SHORT TERM BORROWINGS

	1992	1991
	£m	£m
Repayable within one year or on demand:		
Bank loans and overdrafts	—	13.1
Other short term loans	0.1	0.1
Finance leases	<u>1.4</u>	<u>0.7</u>
	<u>1.5</u>	<u>13.9</u>

14. LONG TERM BORROWINGS

	1992	1991
	£m	£m
Maturities		
Repayable between one and five years:		
Finance leases	3.2	1.5
Repayable by instalments and maturing after five years:		
Bank loans	102.5	62.5
Other loans	0.9	1.0
Finance leases	<u>103.1</u>	<u>20.6</u>
Wholly repayable after five years:		
Bank loans	<u>0.1</u>	<u>0.1</u>
	<u>209.8</u>	<u>85.7</u>



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1992

	Notes	1992 £m	1991 £m
Turnover		430.8	384.8
Operating costs	2	<u>(303.2)</u>	<u>(276.8)</u>
Operating profit		127.6	108.0
Interest	4	<u>(1.3)</u>	<u>9.0</u>
Profit on ordinary activities before taxation		126.3	117.0
Taxation	5	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		126.3	117.0
Dividends — first interim	6	(18.1)	(20.0)
— second interim	6		(15.5)
— final	6	<u>(35.4)</u>	<u>(30.5)</u>
Profit retained		<u>72.8</u>	<u>51.0</u>

The movement on reserves is shown in Note 22



NOTES TO THE ACCOUNTS

4. INTEREST

	1992	1991
	£m	£m
Interest payable on:		
Bank and other loans wholly repayable within five years		(0.6)
Bank and other loans not wholly repayable within five years	(10.8)	(5.5)
Amounts due to parent company	(1.2)	(0.5)
Finance charges in respect of finance leases	(5.1)	(0.5)
Other	(0.1)	(0.2)
	<u>(17.2)</u>	<u>(7.3)</u>
Interest receivable on:		
Inter-company loans	15.5	16.1
Other	0.4	0.2
	<u>(1.3)</u>	<u>9.0</u>

5. TAXATION

No corporation tax arises in respect of the profit for the year due to the excess of capital allowances over depreciation.

The full potential deferred tax liability on timing differences, calculated using the liability method, at a tax rate of 33% is:

	1992
	£m
Accelerated capital allowances	128
Unrelieved advanced corporation tax	(30)
Short term timing differences	(32)
	<u>66</u>



NOTES TO THE ACCOUNTS

19. COMMITMENTS (continued)

In addition Yorkshire Water Services Limited has a long term Asset Management Plan which identifies substantial future capital and infrastructure renewals expenditure.

At 31 March 1992 the company was committed to making the following payments during the next financial year under non-cancellable operating leases with terms as set out below:

	Land and buildings 1992 £m	Other 1992 £m	Land and buildings 1991 £m	Other 1991 £m
Leases which expire:				
Within one year	--	0.2	--	0.1
Between one and five years	0.1	0.5	--	0.6
After five years	0.5	--	0.7	--
	<u>0.6</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>

20. CONTINGENT LIABILITIES

Under a Revolving Credit Facility Agreement arranged by Yorkshire Water plc, Yorkshire Water Services Limited has issued guarantees in respect of all liabilities of its parent company. As at 31 March 1992 no amounts had been borrowed under this agreement.

The banking arrangements of the company operate on a pooled basis with other group companies and the bank balances of each subsidiary can be offset against each other.

21. CALLED UP SHARE CAPITAL

	Authorised £	Allotted and fully paid £
At 1 April 1991 and 31 March 1992		
Ordinary shares of £1 each	275,000,000	275,000,000



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1992

	Notes	1992 £m	1991 £m
Turnover		430.8	384.8
Operating costs	2	<u>(303.2)</u>	<u>(276.8)</u>
Operating profit		127.6	108.0
Interest	4	<u>(1.3)</u>	<u>9.0</u>
Profit on ordinary activities before taxation		126.3	117.0
Taxation	5	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		126.3	117.0
Dividends — first interim	6	(18.1)	(20.0)
— second interim	6		(15.5)
— final	6	<u>(35.4)</u>	<u>(30.5)</u>
Profit retained		<u>72.8</u>	<u>51.0</u>

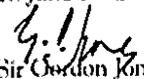
The movement on reserves is shown in Note 22



BALANCE SHEET
AS AT 31 MARCH 1992

	Notes	1992 £m	1991 £m
Fixed Assets			
Tangible assets	9	1,413.4	1,208.8
Investments	10	0.5	0.6
		<u>1,413.9</u>	<u>1,209.4</u>
Current assets			
Stocks	11	4.5	4.3
Debtors	12	189.1	137.5
Cash at bank and in hand		2.7	—
		<u>196.3</u>	<u>141.8</u>
Creditors: amounts falling due within one year			
Short term borrowings	13	(1.5)	(13.9)
Other creditors	16	(147.9)	(126.2)
		<u>(149.4)</u>	<u>(140.1)</u>
Net current assets		<u>46.9</u>	<u>1.7</u>
Total assets less current liabilities		<u>1,460.8</u>	<u>1,211.1</u>
Creditors: amounts falling due after more than one year			
Long term borrowings	14	(209.8)	(85.7)
Other creditors	16	(14.3)	(9.2)
Provisions for liabilities and charges	17	(97.7)	(64.7)
Deferred income	18	(30.1)	(15.4)
		<u>1,108.9</u>	<u>1,036.1</u>
Capital and reserves			
Called up share capital	21	275.0	275.0
Profit and loss account	22	833.9	761.1
		<u>1,108.9</u>	<u>1,036.1</u>

Approved by the board
18 June 1992


Sir Gordon Jones
Chairman



2. OPERATING COSTS

	1992	1991
	£m	£m
Wages and salaries	66.6	60.9
Social security costs	4.8	4.3
Other pension costs	9.1	8.3
Raw materials and consumables	18.8	17.8
Depreciation on owned assets	41.5	38.9
Depreciation on assets held under finance leases	1.3	0.5
Operating lease rentals—plant and equipment	0.7	0.6
—other	0.7	0.5
Short term hire of plant and equipment	0.6	0.5
Auditors' remuneration	0.1	0.1
Other operating charges	89.7	80.5
Inter-company charges	19.9	16.2
Landslip reinstatement	5.5	—
Infrastructure renewals charge	66.5	61.4
	<u>325.8</u>	<u>290.5</u>
Amortisation of grants and contributions associated with capitalised schemes	0.8	0.3
Own work capitalised or charged as infrastructure renewals expenditure	15.4	11.2
Other operating income—inter-company as per sales	4.4	0.4
—other	2.0	1.8
	<u>303.2</u>	<u>276.8</u>

Provision has been made for the estimated costs, chargeable to the profit and loss account, of remedial works at Deighton Sewage Treatment Works following the landslip on 12 February 1992. Of the £5.5 million total provided, 40.5 million had been expended at 31 March 1992. It is anticipated that capital investment of approximately £10 million will be required to provide a satisfactory long term solution.

3. RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development costs, including depreciation, of £3.5 million (1991 £2.5 million) have been charged against operating profit during the year. Additionally an amount of £1.5 million relating to assets acquired for research and development purposes has been capitalised.



NOTES TO THE ACCOUNTS

4. INTEREST

	1992	1991
	£m	£m
Interest payable on:		
Bank and other loans wholly repayable within five years		(0.6)
Bank and other loans not wholly repayable within five years	(10.8)	(5.5)
Amounts due to parent company	(1.2)	(0.5)
Finance charges in respect of finance leases	(5.1)	(0.5)
Other	(0.1)	(0.2)
	<u>(17.2)</u>	<u>(7.3)</u>
Interest receivable on:		
Inter-company loans	15.5	16.1
Other	0.4	0.2
	<u>(1.3)</u>	<u>9.0</u>

5. TAXATION

No corporation tax arises in respect of the profit for the year due to the excess of capital allowances over depreciation.

The full potential deferred tax liability on timing differences, calculated using the liability method, at a tax rate of 33% is:

	1992
	£m
Accelerated capital allowances	128
Unrelieved advanced corporation tax	(30)
Short term timing differences	(32)
	<u>66</u>



NOTES TO THE ACCOUNTS

4. INTEREST

	1992	1991
	£m	£m
Interest payable on:		
Bank and other loans wholly repayable within five years		(0.6)
Bank and other loans not wholly repayable within five years	(10.8)	(5.5)
Amounts due to parent company	(1.2)	(0.5)
Finance charges in respect of finance leases	(5.1)	(0.5)
Other	(0.1)	(0.2)
	<u>(17.2)</u>	<u>(7.3)</u>
Interest receivable on:		
Inter-company loans	15.5	16.1
Other	0.4	0.2
	<u>(1.3)</u>	<u>9.0</u>

5. TAXATION

No corporation tax arises in respect of the profit for the year due to the excess of capital allowances over depreciation.

The full potential deferred tax liability on timing differences, calculated using the liability method, at a tax rate of 33% is:

	1992
	£m
Accelerated capital allowances	128
Unrelieved advanced corporation tax	(30)
Short term timing differences	(32)
	<u>66</u>



9. TANGIBLE ASSETS

	Land and buildings £m	Infra- structure Assets £m	Plant and equipment £m	Under construction £m	Total £m
Cost					
At 1 April 1991	479.1	415.4	237.2	327.6	1,459.3
Additions	10.3	9.9	8.6	228.8	257.6
Transfers on commissioning	66.1	45.1	42.6	(153.8)	--
Disposals	(1.5)	--	(5.4)	(6.6)	(13.5)
Grants and contributions	--	--	--	(9.1)	(9.1)
At 31 March 1992	554.0	470.4	283.0	386.9	1,694.3
Depreciation					
At 1 April 1991	165.0	--	85.5	--	250.5
Disposals	(0.7)	--	(5.1)	(6.6)	(12.4)
Depreciation for the year	13.9	--	22.3	6.6	42.8
At 31 March 1992	178.2	--	102.7	--	280.9
Net book amount at 31 March 1992	375.8	470.4	180.3	386.9	1,413.4
Net book amount at 31 March 1991	314.1	415.4	151.7	327.6	1,208.8
At 31 March 1992 assets included above held under finance leases amounted to:					
Cost	9.9	--	6.6	92.6	109.1
Depreciation	0.2	--	2.0	--	2.2
Net book amount at 31 March 1992	9.7	--	4.6	92.6	106.9
Net book amount at 31 March 1991	--	--	2.3	20.6	22.9

	Cumulative Cost at 31 March 1992 £m	Cumulative depreciation at 31 March 1992 £m	Net book amount at 31 March 1992 £m	Net book amount at 31 March 1991 £m
--	--	--	--	--

The net book amount of land and buildings comprised:

Freehold properties	552.6	177.9	374.7	312.8
Properties held on lease	1.1	0.2	0.9	1.1
Properties held on short lease	0.3	0.1	0.2	0.2
Total	554.0	178.2	375.8	314.1

The costs of assets transferred to the former Authority on 1 April 1974 are included in land and buildings. 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 amount of fixed assets is £13.6 million lower than it would have been had this treatment not been adopted.



12. DEBTORS

	1992	1991
	£m	£m
Trade debtors	23.0	18.8
Amounts owed by group undertakings	11.6	8.6
Amounts owed by parent company	120.0	75.0
Prepayments and accrued income	25.7	24.6
Other debtors:		
Receivable within one year	7.5	9.4
Receivable after more than one year	<u>1.3</u>	<u>1.1</u>
	<u>189.1</u>	<u>137.5</u>

13. SHORT TERM BORROWINGS

	1992	1991
	£m	£m
Repayable within one year or on demand:		
Bank loans and overdrafts	—	13.1
Other short term loans	0.1	0.1
Finance leases	<u>1.4</u>	<u>0.7</u>
	<u>1.5</u>	<u>13.9</u>

14. LONG TERM BORROWINGS

	1992	1991
	£m	£m
Maturities		
Repayable between one and five years:		
Finance leases	3.2	1.5
Repayable by instalments and maturing after five years:		
Bank loans	102.5	62.5
Other loans	0.9	1.0
Finance leases	103.1	20.6
Wholly repayable after five years:		
Bank loans	<u>0.1</u>	<u>0.1</u>
	<u>209.8</u>	<u>85.7</u>



NOTES TO THE ACCOUNTS

15. AGGREGATE BORROWINGS AND CASH

	Bank loans and overdrafts	Other loans	Finance leases	Total
	£m	£m	£m	£m
Repayments				
Within one year or on demand	-	0.1	1.4	1.5
Between one and two years	-	0.1	1.4	1.5
Between two and five years	10.3	0.3	1.8	12.4
After five years	92.3	0.5	103.1	195.9
	<u>102.6</u>	<u>1.0</u>	<u>107.7</u>	<u>211.3</u>
Cash and short term deposits				(2.7)
Net borrowings				<u>208.6</u>

Borrowings, any part of which is repayable after five years, have been negotiated at fixed and variable interest rates which at 31st March 1992 ranged between 7% and 12½%.

Security against the revenues of Yorkshire Water Services Limited has been given on £0.1m (1991: £0.1m) of the above borrowings.

16. OTHER CREDITORS

	1992	1991
	£m	£m
Amounts falling due within one year:		
Trade creditors	24.1	22.7
Capital creditors	52.4	41.9
Amounts owed to parent company – proposed dividend	35.4	30.5
Amounts owed to group undertakings	5.7	3.3
Social security and payroll deductions	2.1	1.9
Accruals	4.9	7.0
Receipts in advance	19.6	16.8
Other creditors	3.7	2.1
	<u>147.9</u>	<u>126.2</u>
Amounts falling due after more than one year:		
Capital creditors	3.7	4.2
Other creditors	10.6	5.0
	<u>14.3</u>	<u>9.2</u>



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1992

	Notes	1992 £m	1991 £m
Turnover		430.8	384.8
Operating costs	2	<u>(303.2)</u>	<u>(276.8)</u>
Operating profit		127.6	108.0
Interest	4	<u>(1.3)</u>	<u>9.0</u>
Profit on ordinary activities before taxation		126.3	117.0
Taxation	5	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		126.3	117.0
Dividends — first interim	6	(18.1)	(20.0)
— second interim	6		(15.5)
— final	6	<u>(35.4)</u>	<u>(30.5)</u>
Profit retained		<u>72.8</u>	<u>51.0</u>

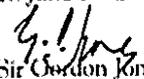
The movement on reserves is shown in Note 22



BALANCE SHEET
AS AT 31 MARCH 1992

	Notes	1992 £m	1991 £m
Fixed Assets			
Tangible assets	9	1,413.4	1,208.8
Investments	10	0.5	0.6
		<u>1,413.9</u>	<u>1,209.4</u>
Current assets			
Stocks	11	4.5	4.3
Debtors	12	189.1	137.5
Cash at bank and in hand		2.7	—
		<u>196.3</u>	<u>141.8</u>
Creditors: amounts falling due within one year			
Short term borrowings	13	(1.5)	(13.9)
Other creditors	16	(147.9)	(126.2)
		<u>(149.4)</u>	<u>(140.1)</u>
Net current assets		<u>46.9</u>	<u>1.7</u>
Total assets less current liabilities		<u>1,460.8</u>	<u>1,211.1</u>
Creditors: amounts falling due after more than one year			
Long term borrowings	14	(209.8)	(85.7)
Other creditors	16	(14.3)	(9.2)
Provisions for liabilities and charges	17	(97.7)	(64.7)
Deferred income	18	(30.1)	(15.4)
		<u>1,108.9</u>	<u>1,036.1</u>
Capital and reserves			
Called up share capital	21	275.0	275.0
Profit and loss account	22	833.9	761.1
		<u>1,108.9</u>	<u>1,036.1</u>

Approved by the board
18 June 1992


Sir Gordon Jones
Chairman



2. OPERATING COSTS

	1992	1991
	£m	£m
Wages and salaries	66.6	60.9
Social security costs	4.8	4.3
Other pension costs	9.1	8.3
Raw materials and consumables	18.8	17.8
Depreciation on owned assets	41.5	38.9
Depreciation on assets held under finance leases	1.3	0.5
Operating lease rentals—plant and equipment	0.7	0.6
—other	0.7	0.5
Short term hire of plant and equipment	0.6	0.5
Auditors' remuneration	0.1	0.1
Other operating charges	89.7	80.5
Inter-company charges	19.9	16.2
Landslip reinstatement	5.5	—
Infrastructure renewals charge	66.5	61.4
	<u>325.8</u>	<u>290.5</u>
Amortisation of grants and contributions associated with capitalised schemes	0.8	0.3
Own work capitalised or charged as infrastructure renewals expenditure	15.4	11.2
Other operating income—inter-company as per sales	4.4	0.4
—other	2.0	1.8
	<u>303.2</u>	<u>276.8</u>

Provision has been made for the estimated costs, chargeable to the profit and loss account, of remedial works at Deighton Sewage Treatment Works following the landslip on 12 February 1992. Of the £5.5 million total provided, 40.5 million had been expended at 31 March 1992. It is anticipated that capital investment of approximately £10 million will be required to provide a satisfactory long term solution.

3. RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development costs, including depreciation, of £3.5 million (1991 £2.5 million) have been charged against operating profit during the year. Additionally an amount of £1.5 million relating to assets acquired for research and development purposes has been capitalised.



NOTES TO THE ACCOUNTS

4. INTEREST

	1992	1991
	£m	£m
Interest payable on:		
Bank and other loans wholly repayable within five years		(0.6)
Bank and other loans not wholly repayable within five years	(10.8)	(5.5)
Amounts due to parent company	(1.2)	(0.5)
Finance charges in respect of finance leases	(5.1)	(0.5)
Other	(0.1)	(0.2)
	<u>(17.2)</u>	<u>(7.3)</u>
Interest receivable on:		
Inter-company loans	15.5	16.1
Other	0.4	0.2
	<u>(1.3)</u>	<u>9.0</u>

5. TAXATION

No corporation tax arises in respect of the profit for the year due to the excess of capital allowances over depreciation.

The full potential deferred tax liability on timing differences, calculated using the liability method, at a tax rate of 33% is:

	1992
	£m
Accelerated capital allowances	128
Unrelieved advanced corporation tax	(30)
Short term timing differences	(32)
	<u>66</u>



9. TANGIBLE ASSETS

	Land and buildings £m	Infra- structure Assets £m	Plant and equipment £m	Under construction £m	Total £m
Cost					
At 1 April 1991	479.1	415.4	237.2	327.6	1,459.3
Additions	10.3	9.9	8.6	228.8	257.6
Transfers on commissioning	66.1	45.1	42.6	(153.8)	--
Disposals	(1.5)	--	(5.4)	(6.6)	(13.5)
Grants and contributions	--	--	--	(9.1)	(9.1)
At 31 March 1992	554.0	470.4	283.0	386.9	1,694.3
Depreciation					
At 1 April 1991	165.0	--	85.5	--	250.5
Disposals	(0.7)	--	(5.1)	(6.6)	(12.4)
Depreciation for the year	13.9	--	22.3	6.6	42.8
At 31 March 1992	178.2	--	102.7	--	280.9
Net book amount at 31 March 1992	375.8	470.4	180.3	386.9	1,413.4
Net book amount at 31 March 1991	314.1	415.4	151.7	327.6	1,208.8
At 31 March 1992 assets included above held under finance leases amounted to:					
Cost	9.9	--	6.6	92.6	109.1
Depreciation	0.2	--	2.0	--	2.2
Net book amount at 31 March 1992	9.7	--	4.6	92.6	106.9
Net book amount at 31 March 1991	--	--	2.3	20.6	22.9

	Cumulative Cost at 31 March 1992 £m	Cumulative depreciation at 31 March 1992 £m	Net book amount at 31 March 1992 £m	Net book amount at 31 March 1991 £m
--	--	--	--	--

The net book amount of land and buildings comprised:

Freehold properties	552.6	177.9	374.7	312.8
Properties held on lease	1.1	0.2	0.9	1.1
Properties held on short lease	0.3	0.1	0.2	0.2
Total	554.0	178.2	375.8	314.1

The costs of assets transferred to the former Authority on 1 April 1974 are included in land and buildings. 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 amount of fixed assets is £13.6 million lower than it would have been had this treatment not been adopted.



12. DEBTORS

	1992	1991
	£m	£m
Trade debtors	23.0	18.8
Amounts owed by group undertakings	11.6	8.6
Amounts owed by parent company	120.0	75.0
Prepayments and accrued income	25.7	24.6
Other debtors:		
Receivable within one year	7.5	9.4
Receivable after more than one year	<u>1.3</u>	<u>1.1</u>
	<u>189.1</u>	<u>137.5</u>

13. SHORT TERM BORROWINGS

	1992	1991
	£m	£m
Repayable within one year or on demand:		
Bank loans and overdrafts	—	13.1
Other short term loans	0.1	0.1
Finance leases	<u>1.4</u>	<u>0.7</u>
	<u>1.5</u>	<u>13.9</u>

14. LONG TERM BORROWINGS

	1992	1991
	£m	£m
Maturities		
Repayable between one and five years:		
Finance leases	3.2	1.5
Repayable by instalments and maturing after five years:		
Bank loans	102.5	62.5
Other loans	0.9	1.0
Finance leases	<u>103.1</u>	<u>20.6</u>
Wholly repayable after five years:		
Bank loans	<u>0.1</u>	<u>0.1</u>
	<u>209.8</u>	<u>85.7</u>



NOTES TO THE ACCOUNTS

15. AGGREGATE BORROWINGS AND CASH

	Bank loans and overdrafts	Other loans	Finance leases	Total
	£m	£m	£m	£m
Repayments				
Within one year or on demand	-	0.1	1.4	1.5
Between one and two years	-	0.1	1.4	1.5
Between two and five years	10.3	0.3	1.8	12.4
After five years	92.3	0.5	103.1	5.9
	<u>102.6</u>	<u>1.0</u>	<u>107.7</u>	<u>211.3</u>
Cash and short term deposits				(2.7)
Net borrowings				<u>208.6</u>

Borrowings, any part of which is repayable after five years, have been negotiated at fixed and variable interest rates which at 31st March 1992 ranged between 7% and 12½%.

Security against the revenues of Yorkshire Water Services Limited has been given on £0.1m (1991: £0.1m) of the above borrowings.

16. OTHER CREDITORS

	1992	1991
	£m	£m
Amounts falling due within one year:		
Trade creditors	24.1	22.7
Capital creditors	52.4	41.9
Amounts owed to parent company – proposed dividend	35.4	30.5
Amounts owed to group undertakings	5.7	3.3
Social security and payroll deductions	2.1	1.9
Accruals	4.9	7.0
Receipts in advance	19.6	16.8
Other creditors	3.7	2.1
	<u>147.9</u>	<u>126.2</u>
Amounts falling due after more than one year:		
Capital creditors	3.7	4.2
Other creditors	10.6	5.0
	<u>14.3</u>	<u>9.2</u>



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1992

	Notes	1992 £m	1991 £m
Turnover		430.8	384.8
Operating costs	2	<u>(303.2)</u>	<u>(276.8)</u>
Operating profit		127.6	108.0
Interest	4	<u>(1.3)</u>	<u>9.0</u>
Profit on ordinary activities before taxation		126.3	117.0
Taxation	5	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		126.3	117.0
Dividends — first interim	6	(18.1)	(20.0)
— second interim	6		(15.5)
— final	6	<u>(35.4)</u>	<u>(30.5)</u>
Profit retained		<u>72.8</u>	<u>51.0</u>

The movement on reserves is shown in Note 22



12. DEBTORS

	1992	1991
	£m	£m
Trade debtors	23.0	18.8
Amounts owed by group undertakings	11.6	8.6
Amounts owed by parent company	120.0	75.0
Prepayments and accrued income	25.7	24.6
Other debtors:		
Receivable within one year	7.5	9.4
Receivable after more than one year	<u>1.3</u>	<u>1.1</u>
	<u>189.1</u>	<u>137.5</u>

13. SHORT TERM BORROWINGS

	1992	1991
	£m	£m
Repayable within one year or on demand:		
Bank loans and overdrafts	—	13.1
Other short term loans	0.1	0.1
Finance leases	<u>1.4</u>	<u>0.7</u>
	<u>1.5</u>	<u>13.9</u>

14. LONG TERM BORROWINGS

	1992	1991
	£m	£m
Maturities		
Repayable between one and five years:		
Finance leases	3.2	1.5
Repayable by instalments and maturing after five years:		
Bank loans	102.5	62.5
Other loans	0.9	1.0
Finance leases	103.1	20.6
Wholly repayable after five years:		
Bank loans	<u>0.1</u>	<u>0.1</u>
	<u>209.8</u>	<u>85.7</u>



NOTES TO THE ACCOUNTS

15. AGGREGATE BORROWINGS AND CASH

	Bank loans and overdrafts	Other loans	Finance leases	Total
	£m	£m	£m	£m
Repayments				
Within one year or on demand	-	0.1	1.4	1.5
Between one and two years	-	0.1	1.4	1.5
Between two and five years	10.3	0.3	1.8	12.4
After five years	92.3	0.5	103.1	5.9
	<u>102.6</u>	<u>1.0</u>	<u>107.7</u>	<u>211.3</u>
Cash and short term deposits				(2.7)
Net borrowings				<u>208.6</u>

Borrowings, any part of which is repayable after five years, have been negotiated at fixed and variable interest rates which at 31st March 1992 ranged between 7% and 12½%.

Security against the revenues of Yorkshire Water Services Limited has been given on £0.1m (1991: £0.1m) of the above borrowings.

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	1992	1991
	£m	£m
Amounts falling due within one year:		
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Social security and payroll deductions	2.1	1.9
Accruals	4.9	7.0
Receipts in advance	19.6	16.8
Other creditors	3.7	2.1
	<u>147.9</u>	<u>126.2</u>
Amounts falling due after more than one year:		
Capital creditors	3.7	4.2
Other creditors	10.6	5.0
	<u>14.3</u>	<u>9.2</u>



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1992

	Notes	1992 £m	1991 £m
Turnover		430.8	384.8
Operating costs	2	<u>(303.2)</u>	<u>(276.8)</u>
Operating profit		127.6	108.0
Interest	4	<u>(1.3)</u>	<u>9.0</u>
Profit on ordinary activities before taxation		126.3	117.0
Taxation	5	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		126.3	117.0
Dividends — first interim	6	(18.1)	(20.0)
— second interim	6		(15.5)
— final	6	<u>(35.4)</u>	<u>(30.5)</u>
Profit retained		<u>72.8</u>	<u>51.0</u>

The movement on reserves is shown in Note 22



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1992

	Notes	1992 £m	1991 £m
Turnover		430.8	384.8
Operating costs	2	<u>(303.2)</u>	<u>(276.8)</u>
Operating profit		127.6	108.0
Interest	4	<u>(1.3)</u>	<u>9.0</u>
Profit on ordinary activities before taxation		126.3	117.0
Taxation	5	<u>-</u>	<u>-</u>
Profit on ordinary activities after taxation		126.3	117.0
Dividends — first interim	6	(18.1)	(20.0)
— second interim	6		(15.5)
— final	6	<u>(35.4)</u>	<u>(30.5)</u>
Profit retained		<u>72.8</u>	<u>51.0</u>

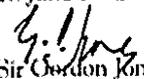
The movement on reserves is shown in Note 22



BALANCE SHEET
AS AT 31 MARCH 1992

	Notes	1992 £m	1991 £m
Fixed Assets			
Tangible assets	9	1,413.4	1,208.8
Investments	10	0.5	0.6
		<u>1,413.9</u>	<u>1,209.4</u>
Current assets			
Stocks	11	4.5	4.3
Debtors	12	189.1	137.5
Cash at bank and in hand		2.7	—
		<u>196.3</u>	<u>141.8</u>
Creditors: amounts falling due within one year			
Short term borrowings	13	(1.5)	(13.9)
Other creditors	16	(147.9)	(126.2)
		<u>(149.4)</u>	<u>(140.1)</u>
Net current assets		<u>46.9</u>	<u>1.7</u>
Total assets less current liabilities		<u>1,460.8</u>	<u>1,211.1</u>
Creditors: amounts falling due after more than one year			
Long term borrowings	14	(209.8)	(85.7)
Other creditors	16	(14.3)	(9.2)
Provisions for liabilities and charges	17	(97.7)	(64.7)
Deferred income	18	(30.1)	(15.4)
		<u>1,108.9</u>	<u>1,036.1</u>
Capital and reserves			
Called up share capital	21	275.0	275.0
Profit and loss account	22	833.9	761.1
		<u>1,108.9</u>	<u>1,036.1</u>

Approved by the board
18 June 1992


Sir Gordon Jones
Chairman



2. OPERATING COSTS

	1992	1991
	£m	£m
Wages and salaries	66.6	60.9
Social security costs	4.8	4.3
Other pension costs	9.1	8.3
Raw materials and consumables	18.8	17.8
Depreciation on owned assets	41.5	38.9
Depreciation on assets held under finance leases	1.3	0.5
Operating lease rentals—plant and equipment	0.7	0.6
—other	0.7	0.5
Short term hire of plant and equipment	0.6	0.5
Auditors' remuneration	0.1	0.1
Other operating charges	89.7	80.5
Inter-company charges	19.9	16.2
Landslip reinstatement	5.5	—
Infrastructure renewals charge	66.5	61.4
	<u>325.8</u>	<u>290.5</u>
Amortisation of grants and contributions associated with capitalised schemes	0.8	0.3
Own work capitalised or charged as infrastructure renewals expenditure	15.4	11.2
Other operating income—inter-company as per sales	4.4	0.4
—other	2.0	1.8
	<u>303.2</u>	<u>276.8</u>

Provision has been made for the estimated costs, chargeable to the profit and loss account, of remedial works at Deighton Sewage Treatment Works following the landslip on 12 February 1992. Of the £5.5 million total provided, 40.5 million had been expended at 31 March 1992. It is anticipated that capital investment of approximately £10 million will be required to provide a satisfactory long term solution.

3. RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development costs, including depreciation, of £3.5 million (1991 £2.5 million) have been charged against operating profit during the year. Additionally an amount of £1.5 million relating to assets acquired for research and development purposes has been capitalised.



NOTES TO THE ACCOUNTS

4. INTEREST

	1992	1991
	£m	£m
Interest payable on:		
Bank and other loans wholly repayable within five years		(0.6)
Bank and other loans not wholly repayable within five years	(10.8)	(5.5)
Amounts due to parent company	(1.2)	(0.5)
Finance charges in respect of finance leases	(5.1)	(0.5)
Other	(0.1)	(0.2)
	<u>(17.2)</u>	<u>(7.3)</u>
Interest receivable on:		
Inter-company loans	15.5	16.1
Other	0.4	0.2
	<u>(1.3)</u>	<u>9.0</u>

5. TAXATION

No corporation tax arises in respect of the profit for the year due to the excess of capital allowances over depreciation.

The full potential deferred tax liability on timing differences, calculated using the liability method, at a tax rate of 33% is:

	1992
	£m
Accelerated capital allowances	128
Unrelieved advanced corporation tax	(30)
Short term timing differences	(32)
	<u>66</u>



9. TANGIBLE ASSETS

	Land and buildings £m	Infra- structure Assets £m	Plant and equipment £m	Under construction £m	Total £m
Cost					
At 1 April 1991	479.1	415.4	237.2	327.6	1,459.3
Additions	10.3	9.9	8.6	228.8	257.6
Transfers on commissioning	66.1	45.1	42.6	(153.8)	--
Disposals	(1.5)	--	(5.4)	(6.6)	(13.5)
Grants and contributions	--	--	--	(9.1)	(9.1)
At 31 March 1992	554.0	470.4	283.0	386.9	1,694.3
Depreciation					
At 1 April 1991	165.0	--	85.5	--	250.5
Disposals	(0.7)	--	(5.1)	(6.6)	(12.4)
Depreciation for the year	13.9	--	22.3	6.6	42.8
At 31 March 1992	178.2	--	102.7	--	280.9
Net book amount at 31 March 1992	375.8	470.4	180.3	386.9	1,413.4
Net book amount at 31 March 1991	314.1	415.4	151.7	327.6	1,208.8
At 31 March 1992 assets included above held under finance leases amounted to:					
Cost	9.9	--	6.6	92.6	109.1
Depreciation	0.2	--	2.0	--	2.2
Net book amount at 31 March 1992	9.7	--	4.6	92.6	106.9
Net book amount at 31 March 1991	--	--	2.3	20.6	22.9

	Cumulative Cost at 31 March 1992 £m	Cumulative depreciation at 31 March 1992 £m	Net book amount at 31 March 1992 £m	Net book amount at 31 March 1991 £m
--	--	--	--	--

The net book amount of land and buildings comprised:

Freehold properties	552.6	177.9	374.7	312.8
Properties held on lease	1.1	0.2	0.9	1.1
Properties held on short lease	0.3	0.1	0.2	0.2
Total	554.0	178.2	375.8	314.1

The costs of assets transferred to the former Authority on 1 April 1974 are included in land and buildings. 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 amount of fixed assets is £13.6 million lower than it would have been had this treatment not been adopted.



12. DEBTORS

	1992	1991
	£m	£m
Trade debtors	23.0	18.8
Amounts owed by group undertakings	11.6	8.6
Amounts owed by parent company	120.0	75.0
Prepayments and accrued income	25.7	24.6
Other debtors:		
Receivable within one year	7.5	9.4
Receivable after more than one year	<u>1.3</u>	<u>1.1</u>
	<u>189.1</u>	<u>137.5</u>

13. SHORT TERM BORROWINGS

	1992	1991
	£m	£m
Repayable within one year or on demand:		
Bank loans and overdrafts	—	13.1
Other short term loans	0.1	0.1
Finance leases	<u>1.4</u>	<u>0.7</u>
	<u>1.5</u>	<u>13.9</u>

14. LONG TERM BORROWINGS

	1992	1991
	£m	£m
Maturities		
Repayable between one and five years:		
Finance leases	3.2	1.5
Repayable by instalments and maturing after five years:		
Bank loans	102.5	62.5
Other loans	0.9	1.0
Finance leases	<u>103.1</u>	<u>20.6</u>
Wholly repayable after five years:		
Bank loans	<u>0.1</u>	<u>0.1</u>
	<u>209.8</u>	<u>85.7</u>



NOTES TO THE ACCOUNTS

15. AGGREGATE BORROWINGS AND CASH

	Bank loans and overdrafts	Other loans	Finance leases	Total
	£m	£m	£m	£m
Repayments				
Within one year or on demand	-	0.1	1.4	1.5
Between one and two years	-	0.1	1.4	1.5
Between two and five years	10.3	0.3	1.8	12.4
After five years	92.3	0.5	103.1	195.9
	<u>102.6</u>	<u>1.0</u>	<u>107.7</u>	<u>211.3</u>
Cash and short term deposits				(2.7)
Net borrowings				<u>208.6</u>

Borrowings, any part of which is repayable after five years, have been negotiated at fixed and variable interest rates which at 31st March 1992 ranged between 7% and 12½%.

Security against the revenues of Yorkshire Water Services Limited has been given on £0.1m (1991: £0.1m) of the above borrowings.

16. OTHER CREDITORS

	1992	1991
	£m	£m
Amounts falling due within one year:		
Trade creditors	24.1	22.7
Capital creditors	52.4	41.9
Amounts owed to parent company – proposed dividend	35.4	30.5
Amounts owed to group undertakings	5.7	3.3
Social security and payroll deductions	2.1	1.9
Accruals	4.9	7.0
Receipts in advance	19.6	16.8
Other creditors	3.7	2.1
	<u>147.9</u>	<u>126.2</u>
Amounts falling due after more than one year:		
Capital creditors	3.7	4.2
Other creditors	10.6	5.0
	<u>14.3</u>	<u>9.2</u>



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1992

	Notes	1992 £m	1991 £m
Turnover		430.8	384.8
Operating costs	2	(303.2)	<u>(276.8)</u>
Operating profit		127.6	108.0
Interest	4	(1.3)	<u>9.0</u>
Profit on ordinary activities before taxation		126.3	117.0
Taxation	5	-	<u>-</u>
Profit on ordinary activities after taxation		126.3	117.0
Dividends — first interim	6	(18.1)	(20.0)
— second interim	6	-	(15.5)
— final	6	(35.4)	<u>(30.5)</u>
Profit retained		<u>72.8</u>	<u>51.0</u>

The movement on reserves is shown in Note 22



12. DEBTORS

	1992	1991
	£m	£m
Trade debtors	23.0	18.8
Amounts owed by group undertakings	11.6	8.6
Amounts owed by parent company	120.0	75.0
Prepayments and accrued income	25.7	24.6
Other debtors:		
Receivable within one year	7.5	9.4
Receivable after more than one year	<u>1.3</u>	<u>1.1</u>
	<u>189.1</u>	<u>137.5</u>

13. SHORT TERM BORROWINGS

	1992	1991
	£m	£m
Repayable within one year or on demand:		
Bank loans and overdrafts	—	13.1
Other short term loans	0.1	0.1
Finance leases	<u>1.4</u>	<u>0.7</u>
	<u>1.5</u>	<u>13.9</u>

14. LONG TERM BORROWINGS

	1992	1991
	£m	£m
Maturities		
Repayable between one and five years:		
Finance leases	3.2	1.5
Repayable by instalments and maturing after five years:		
Bank loans	102.5	62.5
Other loans	0.9	1.0
Finance leases	103.1	20.6
Wholly repayable after five years:		
Bank loans	<u>0.1</u>	<u>0.1</u>
	<u>209.8</u>	<u>85.7</u>



NOTES TO THE ACCOUNTS

15. AGGREGATE BORROWINGS AND CASH

	Bank loans and overdrafts	Other loans	Finance leases	Total
	£m	£m	£m	£m
Repayments				
Within one year or on demand	-	0.1	1.4	1.5
Between one and two years	-	0.1	1.4	1.5
Between two and five years	10.3	0.3	1.8	12.4
After five years	92.3	0.5	103.1	195.9
	<u>102.6</u>	<u>1.0</u>	<u>107.7</u>	<u>211.3</u>
Cash and short term deposits				(2.7)
Net borrowings				<u>208.6</u>

Borrowings, any part of which is repayable after five years, have been negotiated at fixed and variable interest rates which at 31st March 1992 ranged between 7% and 12½%.

Security against the revenues of Yorkshire Water Services Limited has been given on £0.1m (1991: £0.1m) of the above borrowings.

16. OTHER CREDITORS

	1992	1991
	£m	£m
Amounts falling due within one year:		
Trade creditors	24.1	22.7
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Social security and payroll deductions	2.1	1.9
Accruals	4.9	7.0
Receipts in advance	19.6	16.8
Other creditors	3.7	2.1
	<u>147.9</u>	<u>126.2</u>
Amounts falling due after more than one year:		
Capital creditors	3.7	4.2
Other creditors	10.6	5.0
	<u>14.3</u>	<u>9.2</u>



22. RESERVES

	£m
Profit and loss account	
At 1 April 1991	761.1
Transfer from profit and loss account	<u>72.8</u>
At 31 March 1992	<u>833.9</u>

23. DIRECTORS' INTERESTS

The interests of the directors and their immediate families in the ordinary shares of Yorkshire Water plc are set out below:

	At 31 March 1992			At 1 April 1991		
	Shares	Executive SAYE Options	Options	Shares	Executive SAYE Options	Options
J R Layfield	386	23,206	2,045	295	23,206	2,045
I G Murdoch	3,465	23,481	6,136	3,381	23,481	6,136
A J Shuttleworth	1,960	24,229	8,758	1,876	24,229	6,136
J M Taylor	2,469	26,842	6,136	2,385	26,842	6,136
C A Tunley	3,798	23,361	8,758	3,627	23,361	6,136

Sir Gordon Jones, Mr T Newton and Mr A I Ward are directors of Yorkshire Water plc. Their interests in the ordinary shares of Yorkshire Water plc are disclosed in the accounts of that company.

There has been no change in the interests shown above between 31 March 1992 and 18 June 1992.

In common with other individual shareholders, directors and their families may be entitled to a Customer Share Bonus, up to a maximum of 300 bonus shares, of one bonus share for every ten shares held in Yorkshire Water plc until 31st December 1992.



22. RESERVES

	£m
Profit and loss account	
At 1 April 1991	761.1
Transfer from profit and loss account	<u>72.8</u>
At 31 March 1992	<u>833.9</u>

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22. RESERVES

	£m
Profit and loss account	
At 1 April 1991	761.1
Transfer from profit and loss account	<u>72.8</u>
At 31 March 1992	<u>833.9</u>

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The interests of the directors and their immediate families in the ordinary shares of Yorkshire Water plc are set out below:

	At 31 March 1992			At 1 April 1991		
	Shares	Executive SAYE Options	Options	Shares	Executive SAYE Options	Options
J R Layfield	386	23,206	2,045	295	23,206	2,045
I G Murdoch	3,465	23,481	6,136	3,381	23,481	6,136
A J Shuttleworth	1,960	24,229	8,758	1,876	24,229	6,136
J M Taylor	2,469	26,842	6,136	2,385	26,842	6,136
C A Tunley	3,798	23,361	8,758	3,627	23,361	6,136

Sir Gordon Jones, Mr T Newton and Mr A I Ward are directors of Yorkshire Water plc. Their interests in the ordinary shares of Yorkshire Water plc are disclosed in the accounts of that company.

There has been no change in the interests shown above between 31 March 1992 and 18 June 1992.

In common with other individual shareholders, directors and their families may be entitled to a Customer Share Bonus, up to a maximum of 300 bonus shares, of one bonus share for every ten shares held in Yorkshire Water plc until 31st December 1992.



NOTES TO THE ACCOUNTS

Holdings of ordinary shares include beneficial interests in shares made available to qualifying employees under special arrangements at the time of flotation and shares under the Employee Profit Sharing Scheme.

The Executive Share Option Scheme and Sharesave Scheme are described in the accounts of the holding company, Yorkshire Water plc.

At no time during the period has any director had a material interest in a contract with any company in the group, being a contract which was significant in relation to the business of that company.

24. ULTIMATE HOLDING COMPANY

Yorkshire Water plc, which is incorporated in Great Britain, is the company's ultimate parent company and is the parent undertaking of the largest group to consolidate these accounts. Copies of the group accounts may be obtained from the Company Secretary, Yorkshire Water plc, 2 The Embankment, Sovereign Street, Leeds LS1 4BG.

25. CASHFLOW STATEMENT

The accounts do not include a cashflow statement because the accounts of the ultimate holding company contain a cashflow statement in accordance with Financial Reporting Standard 1.



AUDITOR'S REPORT

To the members of Yorkshire Water Services Limited



We have audited the accounts on pages 4 to 20 in accordance with Auditing Standards.

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

Price Waterhouse
Chartered Accountants
and Registered Auditor
Leeds

18 June 1992



REGULATORY ACCOUNTING INFORMATION 1992

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Explanatory note

Pages 23 to 38 include the regulatory accounting information which the company is required to publish under the company's Instrument of Appointment as a water and sewerage undertaker. The information has been prepared in accordance with the requirements of Regulatory Accounting Guidelines issued by the Director General of Water Services.



HISTORICAL 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	429.6	1.2	430.8	382.7	2.1	384.8
Operating costs	(308.7)	(0.9)	(309.6)	(277.5)	(1.5)	(279.0)
Operating income	5.5	—	5.5	1.4	—	1.4
Operating profit	126.4	0.3	126.7	106.6	0.6	107.2
Other income	0.9	—	0.9	0.8	—	0.8
Interest (payable)/receivable	(1.3)	—	(1.3)	9.0	—	9.0
Profit on ordinary activities before taxation	126.0	0.3	126.3	116.4	0.6	117.0
Taxation	—	—	—	—	—	—
Profit on ordinary activities after taxation	126.0	0.3	126.3	116.4	0.6	117.0
Dividends — first interim	(17.1)	(1.0)	(18.1)	(20.0)	—	(20.0)
— second interim	—	—	—	(15.5)	—	(15.5)
— proposed final	(35.1)	(0.3)	(35.4)	(30.5)	—	(30.5)
Profit/(loss) retained	73.8	(1.0)	72.8	50.4	0.6	51.0

The accounting policies set out on pages 6 to 8 apply to the historical cost regulatory accounting information.



HISTORICAL COST BALANCE SHEET

AS AT 31 MARCH 1992

	1992			1991		
	Appointed £m	Non- appointed £m	Total £m	Appointed £m	Non- appointed £m	Total £m
Fixed assets						
Tangible assets	1,405.7	7.7	1,413.4	1,208.8	-	1,208.8
Investments	0.5	-	0.5	0.6	-	0.6
	<u>1,406.2</u>	<u>7.7</u>	<u>1,413.9</u>	<u>1,209.4</u>	<u>-</u>	<u>1,209.4</u>
Current assets						
Stocks	4.5	-	4.5	4.3	-	4.3
Debtors	188.6	0.5	189.1	136.5	1.0	137.5
Cash at bank and in hand	2.7	-	2.7	-	-	-
	<u>195.8</u>	<u>0.5</u>	<u>196.3</u>	<u>140.8</u>	<u>1.0</u>	<u>141.8</u>
Creditors: amounts falling due within one year	<u>(145.6)</u>	<u>(3.8)</u>	<u>(149.4)</u>	<u>(140.1)</u>	<u>-</u>	<u>(140.1)</u>
Net current assets	<u>50.2</u>	<u>(3.3)</u>	<u>46.9</u>	<u>0.7</u>	<u>1.0</u>	<u>1.7</u>
Total assets less current liabilities	<u>1,456.4</u>	<u>4.4</u>	<u>1,460.8</u>	<u>1,210.1</u>	<u>1.0</u>	<u>1,211.1</u>
Creditors: amounts falling due after more than one year	<u>(224.0)</u>	<u>(0.1)</u>	<u>(224.1)</u>	<u>(99.9)</u>	<u>-</u>	<u>(99.9)</u>
Provisions for liabilities and charges	<u>(97.7)</u>	<u>-</u>	<u>(97.7)</u>	<u>(64.7)</u>	<u>-</u>	<u>(64.7)</u>
Deferred income	<u>(25.8)</u>	<u>(4.3)</u>	<u>(30.1)</u>	<u>(15.4)</u>	<u>-</u>	<u>(15.4)</u>
	<u>1,108.9</u>	<u>-</u>	<u>1,108.9</u>	<u>1,035.1</u>	<u>1.0</u>	<u>1,036.1</u>
Capital and reserves						
Called up share capital	275.0	-	275.0	275.0	-	275.0
Profit and loss account	833.9	-	833.9	760.1	1.0	761.1
	<u>1,108.9</u>	<u>-</u>	<u>1,108.9</u>	<u>1,035.1</u>	<u>1.0</u>	<u>1,036.1</u>



HISTORICAL COST CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1992

		1992			1991		
	Notes	Appointed	Non- appointed	Total	Appointed	Non- appointed	Total
		£m	£m	£m	£m	£m	£m
Net cash flow from operating activities	10	193.6	1.2	194.8	166.8	--	166.8
Returns on investments and servicing of finance							
Other income received		0.9	--	0.9	0.8	--	0.8
Interest received		15.9	--	15.9	16.3	--	16.3
Interest paid		(10.5)	--	(10.5)	(5.5)	--	(5.5)
Interest in finance lease rentals		(0.3)	--	(0.3)	(0.1)	--	(0.1)
Dividends paid		(47.6)	(1.0)	(48.6)	(35.5)	--	(35.5)
Net cash flow from returns on investments and servicing of finance		(41.6)	(1.0)	(42.6)	(24.0)	--	(24.0)
Taxation							
UK corporation tax paid		--	--	--	--	--	--
Investing activities							
Purchase of fixed assets		(241.1)	(6.6)	(247.7)	(204.3)	--	(204.3)
Disposal of fixed assets		6.8	--	6.8	1.8	--	1.8
Grants and contributions		19.4	5.2	24.6	20.3	--	20.3
Net cash outflow from investing activities		(214.9)	(1.4)	(216.3)	(182.2)	--	(182.2)
Net cash outflow before financing		(62.9)	(1.2)	(64.1)	(39.4)	--	(39.4)
Financing							
Capital in finance lease rentals		(85.0)	--	(85.0)	(22.0)	--	(22.0)
New medium/long term bank loans		5.1	--	5.1	(20.0)	--	(20.0)
Net cash flow from financing		(79.9)	--	(79.9)	(42.0)	--	(42.0)
Increase/(decrease) in cash and cash equivalents		17.0	(1.2)	15.8	2.0	--	2.0



CURRENT COST PROFIT AND LOSS ACCOUNT FOR THE APPOINTED BUSINESS
FOR THE YEAR ENDED 31 MARCH 1992

	Notes	1992 £m	1991 £m
Turnover	5	429.6	382.7
Current cost operating costs	5	(336.8)	(303.1)
Operating income	5	<u>3.2</u>	<u>1.3</u>
		96.0	80.9
Working capital adjustment		<u>1.1</u>	<u>(0.4)</u>
Current cost operating profit		97.1	80.5
Other income		0.9	0.8
Interest receivable/(payable)		(1.3)	9.0
Financing adjustment		<u>5.2</u>	<u>4.3</u>
Current cost profit on ordinary activities before taxation		101.9	94.6
Taxation		<u>—</u>	<u>—</u>
Current cost profit on ordinary activities after taxation		101.9	94.6
Dividends		<u>(52.2)</u>	<u>(66.0)</u>
Current cost profit retained		<u>49.7</u>	<u>28.6</u>



CURRENT COST BALANCE SHEET FOR THE APPOINTED BUSINESS

AS AT 31 MARCH 1992

	Notes	1992 £m	1991 £m
Fixed assets			
Tangible assets	6, 7	12,446.2	11,794.7
Third party contributions since 1989/1990		(40.2)	(19.9)
		<u>(19.5)</u>	<u>(27.0)</u>
Working capital	8		
		12,386.5	11,747.8
Net operating assets			
Cash and investments		3.2	0.6
Non-trade debtors		8.4	9.5
Non-trade creditors due within one year		(39.1)	(46.5)
Creditors due after one year		<u>(224.0)</u>	<u>(94.9)</u>
		12,135.0	11,616.5
Net assets employed			
		<u>12,135.0</u>	<u>11,616.5</u>
Capital and reserves			
Called up share capital		275.0	275.0
Profit and loss account		532.3	482.6
Current cost reserve	9	<u>11,327.7</u>	<u>10,858.9</u>
		12,135.0	11,616.5



NOTES TO THE REGULATORY ACCOUNTING INFORMATION

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 onto customers under Condition B of the Licence.

Grants and other third party contributions

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

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:

— 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 and the provision for liabilities and charges.

— 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.



2. RING FENCING

In the opinion of the Directors, the company was in compliance with paragraph 3.1 of Condition K of the Instrument of Appointment at the end of the financial year. This relates to the availability of rights and assets.

3. APPOINTED AND NON-APPOINTED BUSINESS

The historical accounting information shows separate figures for Appointed and Non-appointed Business.

The Appointed Business is defined to be the regulated activities of the Appointee, ie. those necessary to fulfil the functions and duties of a water and sewerage undertaker. Non-appointed Business encompasses those activities for which Yorkshire Water Services is not a monopoly supplier or the activity involves the optional use of an asset owned by the Appointed Business.

4. DIRECTORS' CERTIFICATE

The Directors of the company declare that the company will have available to it sufficient financial resources and facilities to enable it to carry out, for at least 12 months, its regulated activities and sufficient management resources to enable it to carry out its functions.



NOTES TO THE REGULATORY ACCOUNTING INFORMATION

5. ANALYSIS TO CURRENT COST PROFIT FOR THE APPOINTED BUSINESS

FOR THE YEAR ENDED 31 MARCH 1992

	Water services £m	Sewerage £m	Sewage treatment & disposal £m	Sewerage services £m	1992 Total Appointed Business £m
Turnover					
Measured	70.9			52.7	123.6
Unmeasured	139.8			136.7	276.5
Trade effluent	--			17.3	17.3
Revenue grants	--			--	--
Other sources	8.7			3.5	12.2
Total turnover	<u>219.4</u>			<u>210.2</u>	<u>429.6</u>
Operating costs					
Manpower costs	40.5	5.3	22.5	27.8	68.3
Other costs of employment	3.7	0.3	1.6	1.9	5.6
Power	13.0	0.3	6.3	6.6	19.6
Rates	17.0	--	7.7	7.7	24.7
Hired and contracted services	10.5	1.7	12.5	14.2	24.7
Charges from associated companies	11.2	2.9	5.8	8.7	19.9
Materials and consumables	11.1	0.6	6.0	6.6	17.7
Service charges	3.8	--	1.8	1.8	5.6
Sewerage agencies	--	9.2	--	9.2	9.2
Other operating costs	1.6	0.1	0.6	0.7	2.3
Doubtful debts	1.4	0.5	0.7	1.2	2.6
Current cost depreciation	32.6	4.1	33.4	37.5	70.1
Infrastructure renewals:					
expenditure	25.4	11.8	1.3	13.1	38.5
accrual	10.7	17.3		17.3	28.0
Total operating costs	<u>182.5</u>	<u>54.1</u>	<u>100.2</u>	<u>154.3</u>	<u>336.8</u>
Operating income					
Current cost profit on fixed assets	3.1			0.1	3.2
Working capital adjustment	0.6			0.5	1.1
Current cost operating profit	<u>40.6</u>			<u>56.5</u>	<u>97.1</u>



Water services £m	Sewerage £m	Sewage treatment & disposal £m	Sewerage services £m	1991 Total Appointed Business £m
60.6			44.2	104.8
125.2			124.8	250.0
—			18.4	18.4
0.1			—	0.1
8.2			1.2	9.4
<u>194.1</u>			<u>188.6</u>	<u>382.7</u>
38.3	3.8	22.0	25.8	64.1
3.8	0.2	2.2	2.4	6.2
11.9	0.3	5.5	5.8	17.7
17.3	—	6.4	6.4	23.7
8.4	1.1	5.4	6.5	14.9
8.5	0.1	7.6	7.7	16.2
10.7	0.5	5.2	5.7	16.4
3.6	—	—	—	3.6
—	8.4	—	8.4	8.4
1.1	0.2	1.0	1.2	2.3
1.9	1.5	0.1	1.6	3.5
29.4	5.4	29.9	35.3	64.7
16.8	8.3	1.1	9.4	26.2
19.2	16.0	—	16.0	35.2
<u>170.9</u>	<u>45.8</u>	<u>86.4</u>	<u>132.2</u>	<u>303.1</u>
<u>0.6</u>			<u>0.7</u>	<u>1.3</u>
<u>(0.2)</u>			<u>(0.2)</u>	<u>(0.4)</u>
<u>23.6</u>			<u>56.9</u>	<u>80.5</u>



NOTES TO THE REGULATORY ACCOUNTING INFORMATION

6. CURRENT COST ANALYSIS OF FIXED ASSETS BY ASSET TYPE AS AT 31 MARCH 1992

	Specialised operational assets £m	Non- specialised operational properties £m	Infra- structure Assets £m	Other tangible assets £m	Total £m
Gross replacement cost					
At 1 April 1991	1,875.7	189.7	10,146.6	862.4	13,074.4
RPI adjustment	75.6	7.7	409.3	34.8	527.4
Disposals	(22.3)	(6.2)	-	(16.4)	(44.9)
Additions	85.9	0.8	58.0	105.3	250.0
At 31 March 1992	2,014.9	192.0	10,613.9	986.1	13,806.9
Depreciation					
At 1 April 1991	922.9	41.2	-	315.6	1,279.7
RPI adjustment	37.2	1.7	-	12.7	51.6
Disposals	(22.2)	(3.3)	-	(16.0)	(41.5)
Charge for year	30.6	1.5	-	38.8	70.9
At 31 March 1992	968.5	41.1		351.1	1,360.7
Net book amount at 31 March 1992	1,046.4	150.9	10,613.9	635.0	12,446.2
Net book amount at 1 April 1991	952.8	148.5	10,146.6	546.8	11,794.7



7. CURRENT COST ANALYSIS OF FIXED ASSETS BY SERVICE

AS AT 31 MARCH 1992

	Water supply £m	Sewerage £m	Sewage treatment & disposal £m	Total £m
Gross replacement cost				
At 1 April 1991	5,013.0	6,534.1	1,527.3	13,074.4
RPI adjustment	202.2	263.6	61.6	527.4
Disposals	(20.8)	(3.9)	(20.2)	(44.9)
Additions	94.0	40.0	116.0	250.0
At 31 March 1992	5,288.4	6,833.8	1,684.7	13,806.9
Depreciation				
At 1 April 1991	465.7	.8	732.2	1,279.7
RPI adjustment	18.8	3.3	29.5	51.6
Disposals	(19.1)	.1)	(19.3)	(41.5)
Charge for year	33.0	4.1	33.8	70.9
At 31 March 1992	498.4	86.1	776.2	1,360.7
Net book amount at 31 March 1992	4,790.0	6,747.7	908.5	12,446.2
Net book amount at 1 April 1991	4,547.3	6,452.3	795.1	11,794.7
Analysis by asset type				
Specialised operational assets	450.1	55.8	540.5	1,046.4
Non-specialised operational properties	115.8	10.4	24.7	150.9
Infrastructure assets	3,988.8	6,586.0	39.1	10,613.9
Other tangible assets	235.3	95.5	304.2	635.0
Net book amount at 31 March 1992	4,790.0	6,747.7	908.5	12,446.2



NOTES TO THE REGULATORY ACCOUNTING INFORMATION

8. WORKING CAPITAL

AS AT 31 MARCH 1992

	1992	1991
	£m	£m
Stocks	4.5	4.3
Trade debtors	22.9	18.8
Trade creditors	(24.1)	(22.7)
Short term capital creditors	(51.4)	(41.9)
Infrastructure renewals accrual	(92.7)	(64.7)
Accruals	(4.9)	(7.0)
Payments in advance	(18.3)	(16.8)
Tax and social security	(2.1)	(1.9)
Group debtors	125.9	80.3
Landslip reinstatement	(5.0)	—
Prepayments	<u>25.7</u>	<u>24.6</u>
	<u>(19.5)</u>	<u>(27.0)</u>

9. MOVEMENT ON CURRENT COST RESERVE

	1992	1991
	£m	£m
Balance at 1 April 1991	10,858.9	3,700.0
AMP/SIR adjustment	—	6,285.3
RPI adjustments:		
Fixed assets	475.1	877.5
Working capital	(1.1)	0.4
Financing	<u>(5.2)</u>	<u>(4.3)</u>
	<u>11,327.7</u>	<u>10,858.9</u>



10. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1992	1991
	£m	£m
Operating profit	126.7	107.2
Depreciation	42.0	39.0
Profit on sale of assets	(5.5)	(1.5)
Increase in stocks, debtors and prepaid expenses	(5.5)	(15.5)
Increase in creditors and accrued expenses	4.1	2.5
Increase in provisions	33.0	35.1
Net cash flow from operating activities	<u>194.8</u>	<u>166.8</u>



AUDITOR'S REPORT ON THE REGULATORY ACCOUNTING INFORMATION

To the Director General of Water Services



We have audited the financial statements on pages 24 to 37 in accordance with Auditing Standards.

In our opinion, the financial statements contain the information for the year to 31 March 1992 required to be published and submitted to you by Yorkshire Water Services Limited to comply with Condition F of the Instrument of Appointment by the Secretary of State for the Environment of the company as a water and sewerage undertaker under the Water Act 1989.

In respect of this information, we report that in our opinion:

- (a) proper accounting records have been kept by the Appointee as required by paragraph 3 of Condition F of the Instrument;
- (b) the information is in agreement with the Appointee's accounting records, complies with the requirements of Condition F of the Instrument and has been properly prepared in accordance with the Regulatory Accounting Guidelines issued by the Office of Water Services;
- (c) the summarised financial statements on pages 24 to 26 have been properly prepared from the financial statements set out on pages 4 to 20 and, in conjunction therewith give, under the historical cost convention, a true and fair view of the revenues, costs, assets and liabilities of the Appointee and its Appointed Business; and
- (d) the current cost financial information on pages 27 to 37 has been properly prepared in accordance with Regulatory Accounting Guideline 1, Accounting for Current Costs issued in March 1992 by the Office of Water Services.

Price Waterhouse
Chartered Accountants
and Registered Auditor
Leeds

18 June 1992

NOTES TO THE REGULATORY ACCOUNTING INFORMATION

1. ACCOUNTING POLICIES - CURRENT COST INFORMATION

The current cost information has been prepared for the Appointed Business of Yorkshire Water Services Ltd 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. Profitability is measured 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 31st March 1990.

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

Tangible fixed assets

Assets acquired prior to 31st 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 a cost 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 the possible funding of future replacement costs of pre-31st March 1990 assets by contributions from third parties and, to the extent that some of these assets would on replacement be self-funded, replacement cost again differs from value to the business. Redundant assets are valued at their recoverable amount.

Land and buildings

Non-specialised operational properties were valued on the basis of open market value for existing use at 1 September 1989 and have been expressed in real terms by indexing using the Retail Price Index (RPI) since that date.

Specialised operational properties acquired since 31st 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.