



**NORTHUMBRIAN
WATER**

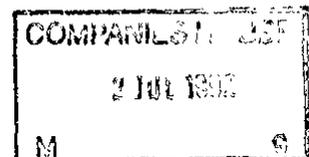
Serving the North East

**ANNUAL
REPORT AND ACCOUNTS
OF
NORTHUMBRIAN WATER LIMITED
FOR THE YEAR ENDED
31 MARCH 1992**

NORTHUMBRIAN WATER LIMITED

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1992**

Registered no: 2366703



NORTHUMBRIAN WATER LIMITED

ANNUAL REPORT AND ACCOUNTS
For the year ended 31 March 1992

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NORTHUMBRIAN WATER LIMITED

DIRECTORS' REPORT

The Directors submit their report and accounts for the year ended 31 March 1992.

Results and Dividends

The Company's profit for the year before taxation amounted to £43.8m. An analysis of turnover and profits for the various activities of the Company is shown in note 2 to the accounts.

The Directors propose a final dividend of £19.7m for the year to 31 March 1992. The retained profit of £30.5m is transferred to reserves.

Principal activities and review of business

The Company has sufficient storage to support water supply requirements for the foreseeable future; supplies to customers were not affected by drought conditions.

The Company supplies water to 45 per cent of the region's population, the remainder being supplied by other water only companies. During the year ended 31 March 1992 an average 674.5 megalitres per day of water (a total of 246,867 megalitres) was put into supply.

The Company is responsible for the collection of sewage throughout the region via the sewerage system and for its subsequent treatment and disposal.

Research and Development

The Company places a high priority on research and technological innovation to serve the needs of customers. Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

Fixed assets

Changes in fixed assets are set out in note 10 to the accounts.

Directors

The Directors of the Company during the year ended 31 March 1992 were:-

Sir Michael Straker	
DG Cranston	
RH Smith	
JA Foster	
DJ Watson	
AF Jones	(Appointed 23 July 1991)
A Girven	(Appointed 23 July 1991)
J Redpath	(Resigned 23 July 1991)

The interests of Directors are set out in note 21 to the accounts.

Donations

During the year donations to charities amounted to approximately £26,000.

NORTHUMBRIAN WATER LIMITED

DIRECTORS' REPORT (continued)

Employees

The Company recognises its responsibilities towards disabled people and to their training, career development and promotion and gives full and fair consideration to applications for employment where suitable work is available. Every effort is made to find appropriate alternative jobs for those who become disabled while working for the Company.

The Board recognises that it is important to continue to recruit and develop a successful team. This is achieved by promoting opportunities for decentralised decision making, individual accountability, teamwork and successful communication. Continuous development is promoted to enable employees to reach their full potential. It is the Board's aim to develop a company where people are committed to achieving the best for the business and are confident to use their skills and initiatives to add maximum value.

There is a savings related share option scheme operated by the parent company for employees of the Group at all levels.

Employees are represented on the Trustee Boards of the group pension schemes in which the Company participates.

Taxation

The Directors believe that the Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditor

Coopers & Lybrand have indicated their willingness to continue in office. Until 1 June 1992 the Firm practised in the name of Coopers & Lybrand Deloitte.

BY ORDER OF THE BOARD



Secretary
15 June 1992

**REPORT OF THE AUDITOR TO THE MEMBERS OF
NORTHUMBRIAN WATER LIMITED**

We have audited the accounts set out on pages 5 to 23 in accordance with Auditing Standards.

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

Coopers & Lybrand

Chartered Accountants and Registered Auditor
Newcastle upon Tyne
15 June 1992

NORTHUMBRIAN WATER LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 1992

	<u>Note</u>	<u>1992</u> £'m	<u>1991</u> £'m
TURNOVER	2	193.5	167.6
Operating costs	3	(143.0)	(134.9)
OPERATING PROFIT		<u>50.5</u>	<u>32.7</u>
Net interest payable	4	(6.7)	(4.4)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	43.8	28.3
Taxation	8	6.4	6.5
PROFIT FOR THE FINANCIAL YEAR		<u>50.2</u>	<u>34.8</u>
Dividends	9	(19.7)	(157.4)
PROFIT/(LOSS) RETAINED FOR THE YEAR	22	<u>30.5</u>	<u>(122.6)</u>

The notes on pages 8 to 23 form part of these Accounts.

Auditor's report page 4.

NORTHUMBRIAN WATER LIMITED

BALANCE SHEET

At 31 March 1992

	Note	1992		1991	
		£'m	£'m	£'m	£'m
FIXED ASSETS					
Tangible assets	10		697.9		630.6
Investments	11		0.1		0.1
			<u>698.0</u>		<u>630.7</u>
CURRENT ASSETS					
Stocks	12	2.7		3.0	
Debtors	13	42.9		36.0	
Cash at bank and in hand		30.0		35.9	
		<u>75.6</u>		<u>74.9</u>	
CREDITORS: Amounts falling due within one year	14	<u>(79.1)</u>		<u>(78.0)</u>	
NET CURRENT LIABILITIES			<u>(3.5)</u>		<u>(3.1)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			694.5		627.6
CREDITORS: Amounts falling due after more than one year	15	(123.9)		(91.6)	
PROVISIONS FOR LIABILITIES AND CHARGES	18	(21.6)		(18.9)	
ACCRUALS AND DEFERRED INCOME	19	<u>(21.4)</u>		<u>(20.0)</u>	
			<u>(166.9)</u>		<u>(130.5)</u>
NET ASSETS			<u>527.6</u>		<u>497.1</u>
CAPITAL AND RESERVES					
Called up share capital	20		122.7		122.7
Profit and loss account	22		404.9		374.4
			<u>527.6</u>		<u>497.1</u>

The financial statements on pages 5 to 23 were approved by the Board on 15 June 1992 and were signed on its behalf by:

M. I. S. S. S.


The notes on pages 8 to 23 form part of these Accounts.

Auditor's report page 4.

NORTHUMBRIAN WATER LIMITED

CASH FLOW STATEMENT
for the year ended 31 March 1992

	Note	1992		1991	
		£'m	£'m	£'m	£'m
NET CASH INFLOW FROM OPERATING ACTIVITIES	23		63.8		54.6
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received			5.7		0.9
Interest paid			(10.8)		(3.0)
Dividends paid			(34.8)		(131.9)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(39.9)		(134.0)
TAXATION					
Tax relief received			7.1		1.1
INVESTING ACTIVITIES					
Purchase of tangible fixed assets			(64.0)		(80.7)
Sale of tangible fixed assets			1.6		0.2
Grants			5.5		7.2
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(56.9)		(73.3)
NET CASH OUTFLOW BEFORE FINANCING			(25.9)		(151.6)
FINANCING					
New loans			70.0		90.0
Principal repayment of loans			(50.0)		-
Issue of ordinary shares			-		122.6
NET CASH INFLOW FROM FINANCING			20.0		212.6
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	25		(5.9)		61.0

The notes on pages 8 to 23 form part of these Accounts.

Auditor's report page 4.

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS
For the year ended 31 March 1992

1 ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(a) Basis of accounting

The accounts have been prepared under the historical cost convention.

(b) Turnover

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

(c) Tangible fixed assets and depreciation

Tangible fixed assets comprise:

(i) Infrastructure assets

Infrastructure assets comprise a network of systems (being water mains and sewers, impounding and pumped raw water storage reservoirs, dams, sludge pipelines and sea outfalls).

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

Expenditure on maintaining the operating capability of the network in accordance with defined standards of service is charged as an operating cost.

No depreciation is charged on infrastructure assets because the network of systems is required to be maintained in perpetuity and therefore has no finite economic life.

(ii) Other assets

Other assets (including properties, overground plant and equipment) are included at cost less accumulated depreciation. Additions are included at cost.

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

1 ACCOUNTING POLICIES (continued)

(ii) Other assets (continued)

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

Freehold buildings	30 - 60 years
Short leasehold land and buildings	25 years
Operational structures, plant and machinery	4 - 80 years
Fixtures, fittings, tools and equipment	4 - 10 years

(iii) Assets in the course of construction

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

(d) Government grants and contributions

Revenue grants are credited to the profit and loss account when received.

Capital grants and contributions received in respect of infrastructure assets are treated as a deduction from the cost of these assets. Infrastructure assets are not depreciated and in the opinion of the Directors it is therefore not appropriate to recognise related capital grants and contributions as deferred income. This treatment has been adopted in order to show a true and fair view.

Capital grants and contributions relating to other assets are treated as deferred income and amortised in the profit and loss account over the expected useful economic lives of the qualifying assets.

(e) Hire purchase and leasing

Where assets are financed by hire purchase or leasing arrangements which transfer substantially all the risks and rewards of ownership to the Company, the assets are treated as if they had been purchased and the corresponding capital cost is treated as a liability. Rentals or leasing payments are treated as consisting of a capital element and finance costs, the capital element reducing the outstanding liability and the finance costs being charged to the profit and loss account over the period of the hire purchase contract or lease in proportion to the reducing outstanding liability.

Rental costs arising under operating leases are charged to the profit and loss account in the year they are incurred.

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

1 ACCOUNTING POLICIES (continued)

(f) Stores and work in progress

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

(g) Pension costs

The cost of providing pension benefits is charged to the profit and loss account so as to spread the cost over the expected average service lives of employees. Differences between the amounts funded and amounts charged to the profit and loss account are treated as prepayments or accruals in the balance sheet.

(h) Taxation

The credit for taxation is based on the profit for the year as adjusted for taxation purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the accounts. Provision is made at the rate which is expected to apply when the liability or asset crystallises.

(i) Foreign currency

All transactions denominated in foreign currencies are translated into sterling at the actual rates of exchange ruling at the dates of the transactions. Foreign currency balances are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange gains or losses are recognised in the profit and loss account.

(j) Research and development

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

(k) Investments

Fixed asset investments are stated at their purchase cost.

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

2 SEGMENTAL REPORTING

An analysis by class of business of turnover profit on ordinary activities before taxation and net assets which is wholly derived in the United Kingdom, is as follows:

	<u>Turnover</u>		<u>Profit on ordinary activities before taxation</u>		<u>Net assets</u>	
	<u>1992</u> £'m	<u>1991</u> £'m	<u>1992</u> £'m	<u>1991</u> £'m	<u>1992</u> £'m	<u>1991</u> £'m
Appointed business:						
Water services	58.7	51.4	10.2	6.5	124.4	111.8
Sewerage services	114.0	99.5	27.9	19.1	274.6	261.1
	<u>172.7</u>	<u>150.9</u>	<u>38.1</u>	<u>25.6</u>	<u>399.0</u>	<u>372.9</u>
Other trading activities	20.8	16.7	5.7	2.7	128.6	124.2
	<u>193.5</u>	<u>167.6</u>	<u>43.8</u>	<u>28.3</u>	<u>527.6</u>	<u>497.1</u>

The appointed business is that part of the Company's business covered by appointments made by the Secretary of State for the Environment to be water and sewerage undertaker for specific areas in the North East of England in accordance with the Water Consolidation Act 1991.

3 OPERATING COSTS

(a) Operating costs comprise:

	<u>1992</u> £'m	<u>1991</u> £'m
Materials and consumables	9.8	8.2
Other external charges	12.3	10.1
Manpower costs (note 7)	20.2	18.3
Depreciation	12.6	15.5
Infrastructure renewals	24.3	24.6
Other operating charges	64.1	58.6
Other operating income	(0.3)	(0.4)
	<u>143.0</u>	<u>134.9</u>

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

3 OPERATING COSTS (continued)

(b) The above costs are stated after crediting:

	<u>1992</u> £'m	<u>1991</u> £'m
Amortisation of capital grants	0.5	0.4
And after charging:		
Depreciation of owned tangible fixed assets	12.5	15.4
Depreciation of tangible fixed assets held under finance leases	0.1	0.1
Other operating leases	0.7	0.6
Costs of research and development	1.4	1.5
Directors' emoluments (note 5)	0.3	0.2
Auditor's remuneration	0.1	0.1

4 NET INTEREST PAYABLE

	<u>1992</u> £'m	<u>1991</u> £'m
Net interest payable comprises:		
Interest payable:		
Bank loans, overdrafts and other loans:		
Repayable within five years otherwise than by instalments	6.5	5.1
Not wholly repayable within five years	4.5	0.9
Repayable in more than five years	0.4	-
	<u>11.4</u>	<u>6.0</u>
Financing charges repayable under finance leases	0.6	-
	<u>12.0</u>	<u>6.0</u>
Total interest payable	12.0	6.0
Interest receivable	(5.3)	(1.6)
	<u>6.7</u>	<u>4.4</u>
Net interest payable	6.7	4.4

The total interest payable on bank loans, overdrafts and other loans includes £4.7m (1991: £0.4m) in respect of interest payable on amounts owed to group undertakings.

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

5 DIRECTORS' EMOLUMENTS

The total emoluments for the year of the Directors of the Company including pension contributions amounted to £273,000 (1991: £162,000).

Emoluments (excluding pension contributions) include amounts paid to:

	<u>1992</u> £'000	<u>1991</u> £'000
Chairman	Nil	Nil
Highest paid Director	84	77

Number of Directors within the following ranges:

	<u>1992</u> No	<u>1991</u> No
£0 - £5,000	3	4
£10,001 - £15,000	-	1
£35,001 - £40,000	3	-
£55,001 - £60,000	1	1
£75,001 - £80,000	-	1
£80,001 - £85,000	1	-

6 TRANSACTIONS WITH DIRECTORS AND OFFICERS

No transactions or arrangements which are disclosable under the provisions of the Companies Act 1985 have occurred.

7 EMPLOYEE INFORMATION

(a) The total employment costs of all employees (including Directors) were:

	<u>1992</u> £'m	<u>1991</u> £'m
Wages and salaries	19.3	17.2
Social security costs	1.4	1.4
Other pension costs	1.9	1.7
Total employment costs	<u>22.6</u>	<u>20.3</u>

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

7 EMPLOYEE INFORMATION (continued)

(b) Total employment costs are charged as follows:

	<u>1992</u> £'m	<u>1991</u> £'m
Manpower costs	20.2	18.3
Capital schemes and infrastructure renewals	2.4	2.0
	<u>22.6</u>	<u>20.3</u>

(c) The average number of employees on the payroll during the financial year was 1,193 (1991: 1,155).

8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<u>1992</u> £'m	<u>1991</u> £'m
Credit for tax losses surrendered to group companies	6.4	6.5

(a) The credit for tax losses surrendered to group companies represents the payment receivable in respect of tax losses based on a tax rate of 33 per cent (1991: 34 per cent).

(b) Deferred taxation provided in the financial statements is £Nil (1991: £Nil). The full potential amount of deferred taxation calculated at 33 per cent (1991: 33 per cent) on all timing differences is as follows:

	<u>1992</u> £'m	<u>1991</u> £'m
Accelerated capital allowances	78.1	78.9
Other timing differences	(11.0)	(8.6)
	<u>67.1</u>	<u>70.3</u>
Losses carried forward	-	(22.2)
	<u>67.1</u>	<u>48.1</u>

(c) Losses carried forward are expected to be disclaimed.

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

9 DIVIDENDS

	<u>1992</u> £'m	<u>1991</u> £'m
Ordinary:		
Interim paid of Nil (1991: 100p) per share	-	122.6
Final proposed of 16.1p (1991: 28.4p) per share	19.7	34.8
	<u>19.7</u>	<u>157.4</u>

10 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'m	Short leasehold land and buildings £'m	Infra- structure assets £'m	Operational structures, plant and machinery £'m	Fixtures, fittings, tools and equipment £'m	Assets in the course of construction £'m	Total £'m
Cost:							
Balance at 1 April 1991	17.5	2.6	358.1	220.3	20.7	80.6	699.8
Additions	3.4	-	32.6	39.8	0.3	7.9	84.0
Disposals	(0.1)	-	-	(1.0)	-	-	(1.1)
Grants	-	-	(3.6)	-	-	-	(3.6)
Balance at 31 March 1992	<u>20.8</u>	<u>2.6</u>	<u>387.1</u>	<u>259.1</u>	<u>21.0</u>	<u>88.5</u>	<u>779.1</u>
Depreciation:							
Balance at 1 April 1991	3.8	0.3	-	51.3	13.8	-	69.2
Provision for year	0.6	0.1	-	9.3	2.6	-	12.6
Disposals	-	-	-	(0.6)	-	-	(0.6)
Balance at 31 March 1992	<u>4.4</u>	<u>0.4</u>	<u>-</u>	<u>60.0</u>	<u>16.4</u>	<u>-</u>	<u>81.2</u>
Net book value:							
At 31 March 1992	<u>16.4</u>	<u>2.2</u>	<u>387.1</u>	<u>199.1</u>	<u>4.6</u>	<u>88.5</u>	<u>697.9</u>
At 31 March 1991	<u>13.7</u>	<u>2.3</u>	<u>358.1</u>	<u>169.0</u>	<u>6.9</u>	<u>80.6</u>	<u>630.6</u>

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

10 TANGIBLE FIXED ASSETS (continued)

The cost of infrastructure assets is stated net of capital grants and contributions received in respect of these assets. As a result the net book value of infrastructure assets is £34.0m lower than it would have been had this treatment not been adopted (1991: £30.4m lower).

Operational structures, plant and machinery includes an element of land and buildings dedicated to those assets.

The net book value of tangible fixed assets held under finance leases at 31 March 1992 was as follows:

	<u>1992</u> £'m	<u>1991</u> £'m
Operational structures, plant and machinery	7.0	0.6
Assets in the course of construction	5.7	1.2
	<u>12.7</u>	<u>1.8</u>

11 INVESTMENTS

The Company has unlisted investments of £0.1m (1991: £0.1m).

12 STOCKS

	<u>1992</u> £'m	<u>1991</u> £'m
Stores	2.6	2.4
Work in progress	0.1	0.6
	<u>2.7</u>	<u>3.0</u>

13 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1992</u> £'m	<u>1991</u> £'m
Trade debtors	12.8	9.8
Amounts owed by group companies (see (a) below)	12.4	11.2
Other debtors	6.2	3.7
Prepayments and accrued income	11.5	11.3
	<u>42.9</u>	<u>36.0</u>

(a) Included in amounts owed by group companies is £6.4m (1991: £7.0m) in respect of group tax relief.

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1992</u> £'m	<u>1991</u> £'m
Trade creditors	3.7	3.2
Amounts owed to group companies	8.2	5.4
Other creditors (see (a) below)	43.0	32.0
Taxation and social security	0.5	0.4
Proposed dividend payable to parent company	19.7	34.8
Accruals and deferred income	4.0	2.2
	<u>79.1</u>	<u>78.0</u>

(a) Other creditors includes creditors related to capital projects of £24.3m (1991: £15.8m).

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1992</u> £'m	<u>1991</u> £'m
Loans (note 16)	60.0	80.0
Obligations under finance leases (note 17)	13.3	1.2
Amounts owed to group companies	50.0	10.0
Other creditors	0.6	0.4
	<u>123.9</u>	<u>91.6</u>

At 31 March 1992 the Company had entered into interest swap arrangements totalling £50.0m (1991: £50.0m), over five years with various counterparties. Under these arrangements the Company is required to pay interest on this balance at various fixed rates of 11.42 to 11.45 per cent and will receive interest on these amounts at rates linked to LIBOR.

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

16 LOANS

	<u>1992</u> £'m	<u>1991</u> £'m
Loans are repayable as follows:		
Between two and five years	3.2	40.0
In five years or more	56.8	40.0
	<u>60.0</u>	<u>80.0</u>

Loans repayable in five years or more are repayable by instalments at rates of interest in the range 10.4 to 11.5 per cent.

17 OBLIGATIONS UNDER FINANCE LEASES

Obligations under finance leases are as follows:

	<u>1992</u> £'m	<u>1991</u> £'m
Amounts due:		
Between two and five years	3.4	0.2
In five years or more	50.6	5.1
	<u>54.0</u>	<u>5.3</u>
Less: finance charge allocated to future periods	(40.7)	(4.1)
	<u>13.3</u>	<u>1.2</u>
Disclosed as due:		
Within one year	-	-
After more than one year	13.3	1.2
	<u>13.3</u>	<u>1.2</u>

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

18 PROVISIONS FOR LIABILITIES AND CHARGES

	£'m
Infrastructure renewals:	
Balance at 1 April 1991	18.9
Utilised during the year	(21.6)
Transferred from profit and loss account	24.3
	<u>21.6</u>
Balance at 31 March 1992	<u>21.6</u>

19 ACCRUALS AND DEFERRED INCOME

	£'m
Capital grants and contributions:	
At 1 April 1991	20.0
Additions	1.9
Amortisation in year	(0.5)
	<u>21.4</u>
At 31 March 1992	<u>21.4</u>

20 CALLED UP SHARE CAPITAL

	<u>1992</u>	<u>1991</u>
	£'m	£'m
Authorised:		
122,650,000 Ordinary Shares of £1 each	122.7	122.7
	<u>122.7</u>	<u>122.7</u>
Allotted, called up and fully paid:		
122,650,000 Ordinary Shares of £1 each	122.7	122.7
	<u>122.7</u>	<u>122.7</u>

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

21 DIRECTORS' INTERESTS

The beneficial interests of Directors at 31 March 1992 and their families in numbers of Ordinary shares of Northumbrian Water Group PLC are set out below:

	31 March 1992			31 March 1991		
	Fully paid shares	Options		Fully paid shares	Options	
Execu- tive scheme		SAYE scheme	Execu- tive scheme		SAYE scheme	
JA Foster	2077	30356	6136	1795	27449	6136
DJ Watson	1688	24376	6136	1526	11093	6136
AF Jones (see (a) below)	1387	22871	6136	1387	22871	6136
A Girven (see (a) below)	1395	9698	6136	1395	9698	6136

(a) AF Jones and A Girven were appointed as Directors of the Company on 23 July 1991. The comparative figures are as at that date.

The above interests are as shown by the Register kept in accordance with the Companies Act 1985.

The beneficial interests of other Directors also being Directors of Northumbrian Water Group PLC are disclosed in the accounts of that company.

None of the Directors had any interest in the shares of other companies in the Group.

Further details of the share option schemes are set out in the accounts of Northumbrian Water Group PLC.

From the end of the financial year to the date of signing these accounts no change took place in the above mentioned interests of any of the Directors.

22 PROFIT AND LOSS ACCOUNT

	£'m
Balance at 1 April 1991	374.4
Retained profit for the year	30.5
Balance at 31 March 1992	<u>404.9</u>

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

23 NET CASH FLOW FROM OPERATING ACTIVITIES

	1992 £'m	1991 £'m
Operating profit	50.5	32.7
Depreciation on tangible fixed assets	12.6	15.5
Infrastructure renewals expenditure	(21.6)	(15.6)
Provision for infrastructure renewals	24.3	24.6
Amortisation of grants	(0.5)	(0.4)
(Profit)/loss on sale of fixed assets	(1.1)	0.4
Decrease/(increase) in stock	0.3	(0.4)
(Increase) in trade debtors	(3.0)	(2.4)
(Increase) in other debtors	(2.5)	(1.0)
(Increase)/decrease in amounts owed by group companies	(1.9)	0.8
(Increase) in prepayments and accrued income	(0.6)	(3.7)
Increase in trade creditors	0.5	2.3
Increase in amounts owed to group companies	1.5	3.6
Increase/(decrease) in taxation and social security costs	0.1	(0.3)
Increase in other creditors	3.2	1.4
Increase/(decrease) in accruals	1.8	(2.6)
Increase/(decrease) in other long term liabilities	0.2	(0.3)
	<u>63.8</u>	<u>54.6</u>
Net cash inflow from operating activities	<u>63.8</u>	<u>54.6</u>

24 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital £'m	Loans and finance lease obligations £'m
Balance at 1 April 1991	122.6	91.2
New loans	-	70.0
Principal repayment of loans	-	(50.0)
New capital lease	-	12.1
	<u>122.6</u>	<u>123.3</u>
Balance at 31 March 1992	<u>122.6</u>	<u>123.3</u>

25 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	£'m
Balance at 1 April 1991	35.9
Net cash outflow	(5.9)
	<u>30.0</u>
Balance at 31 March 1992	<u>30.0</u>

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

26 MAJOR NON CASH TRANSACTIONS

During the period the company had drawdowns of £11.5m (1991: £1.2m) relating to the Royal Bank of Scotland finance leasing facility.

27 COMMITMENTS AND CONTINGENT LIABILITIES

	<u>1992</u> £'m	<u>1991</u> £'m
(a) Capital expenditure		
Expenditure contracted for	57.6	32.1
Expenditure authorised by Directors but not yet contracted for	<u>52.4</u>	<u>72.9</u>
	<u>110.0</u>	<u>105.0</u>

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

(b) Lease commitments

The Company has entered into non-cancellable operating leases in respect of land and buildings, plant, machinery and motor vehicles. The total amount payable under these leases in the next year is as follows:

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

(c) Contingent liabilities

Northumbrian Water Limited is party to a cross guarantee arrangement with other group companies in respect of bank facilities. Net overdrafts outstanding at 31 March 1992 amounted to £30.3m.

NORTHUMBRIAN WATER LIMITED

NOTES TO THE ACCOUNTS (continued)

28 PENSIONS

As a subsidiary of Northumbrian Water Group PLC, the Company participates in a Group pension scheme. The Group operates two funded defined benefit final salary schemes, the Water Mirror Image Pension Scheme and the Water Pension Scheme.

The employer's contributions and pension cost have been assessed in accordance with advice from William M Mercer Fraser Limited. The first actuarial valuations of the schemes were carried out as at 31 March 1990. Full details of the schemes are disclosed in the accounts of Northumbrian Water Group PLC.

29 ULTIMATE PARENT COMPANY

The Company's ultimate parent company is Northumbrian Water Group PLC, a company registered in England and Wales. According to the register kept by the company, Northumbrian Water Group PLC has a 100 per cent interest in the equity capital of Northumbrian Water Limited at 31 March 1992. Copies of the parent's consolidated financial statements may be obtained from Northumbrian Water Group PLC, Northumbria House, Regent Centre, Gosforth, Newcastle upon Tyne.

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