
 Historic cost profit and loss account for the 12 months ended 31 March 2013

| | Current year | | | Prior year | | |
|--|--------------|----------------|-----------------|--------------|----------------|-----------------|
| | Appointed | Non-appointed | Total | Appointed | Non-appointed | Total |
| Turnover | 21.602 | 0.008 | 21.610 | 21.052 | 0.024 | 21.076 |
| Operating costs | (11.596) | (0.159) | (11.755) | (10.981) | (0.111) | (11.092) |
| Infrastructure renewals charge | (1.602) | - | (1.602) | (1.009) | - | (1.009) |
| Historical cost depreciation | (1.969) | - | (1.969) | (1.757) | - | (1.757) |
| Operating income | (0.013) | (0.001) | (0.014) | 0.194 | - | 0.194 |
| Operating profit | 6.422 | (0.152) | 6.270 | 7.499 | (0.087) | 7.412 |
| Other income | 0.248 | 0.953 | 1.201 | 0.250 | 1.027 | 1.277 |
| Net Interest | (1.229) | 0.212 | (1.017) | (1.098) | 0.165 | (0.933) |
| Profit on ordinary activities before taxation | 5.441 | 1.013 | 6.454 | 6.651 | 1.105 | 7.756 |
| Taxation - current | (0.290) | (0.565) | (0.855) | (1.700) | (0.293) | (1.993) |
| Taxation - deferred | (0.307) | 0.344 | 0.037 | 0.566 | - | 0.566 |
| Profit on ordinary activities after taxation | 4.844 | 0.792 | 5.636 | 5.517 | 0.812 | 6.329 |
| Extraordinary items | - | - | - | - | - | - |
| Profit for the year | 4.844 | 0.792 | 5.636 | 5.517 | 0.812 | 6.329 |
| Dividends | (2.961) | - | (2.961) | (2.801) | - | (2.801) |
| Retained profit for year | 1.883 | 0.792 | 2.675 | 2.716 | 0.812 | 3.528 |

Statement of total recognised gains and losses (historical cost accounting) for the 12 months ended 31 March 2013
(appointed business only)

| | Current Year | Prior Year |
|---|--------------|--------------|
| Profit for the year | 4.844 | 5.517 |
| Actuarial gains/(losses) on post employment plans | (0.396) | (0.217) |
| Other gains and losses | (0.249) | (1.350) |
| Total recognised gains and (losses) for the year | 4.199 | 3.950 |

Historic cost balance sheet as at 31 March 2013

| | Current year | | | Prior year | | |
|---|-----------------|----------------|-----------------|-----------------|----------------|-----------------|
| | Appointed | Non-appointed | Total | Appointed | Non-appointed | Total |
| Fixed assets | | | | | | |
| Tangible assets | 60.215 | (0.889) | 59.326 | 55.850 | (0.636) | 55.214 |
| Investments | | | | | | |
| - loan to group company | - | - | - | - | - | - |
| - other | - | - | - | - | - | - |
| Total fixed assets | 60.215 | (0.889) | 59.326 | 55.850 | (0.636) | 55.214 |
| Infrastructure renewals prepayment / (accrual) | (1.395) | - | (1.395) | (1.009) | - | (1.009) |
| Other current assets | 10.157 | (3.681) | 6.476 | 9.719 | (2.615) | 7.104 |
| Creditors: amounts falling due within one year | | | | | | |
| Borrowings | (0.045) | - | (0.045) | (0.057) | - | (0.057) |
| Other creditors | (18.094) | 10.734 | (7.360) | (16.619) | 8.824 | (7.795) |
| Total creditors: amounts falling due within one year | (18.139) | 10.734 | (7.405) | (16.676) | 8.824 | (7.852) |
| Net current assets | (9.377) | 7.053 | (2.324) | (7.966) | 6.209 | (1.757) |
| Total assets less current liabilities | 50.838 | 6.164 | 57.002 | 47.884 | 5.573 | 53.457 |
| Creditors: amounts falling due after one year | | | | | | |
| Borrowings | (26.796) | - | (26.796) | (25.341) | - | (25.341) |
| Other creditors | - | - | - | - | - | - |
| Total creditors: amounts falling due after one year | (26.796) | - | (26.796) | (25.341) | - | (25.341) |
| Provisions for liabilities and charges | (7.205) | - | (7.205) | (6.944) | (0.254) | (7.198) |
| Preference share capital | - | - | - | - | - | - |
| Net assets employed | 16.837 | 6.164 | 23.001 | 15.599 | 5.319 | 20.918 |
| Capital & reserves | 16.837 | 6.164 | 23.001 | 15.599 | 5.319 | 20.918 |

 Reconciliation between statutory accounts and regulatory accounts

| | Statutory UK GAAP | Regulatory | |
|--|----------------------|------------|--|
| Profit and loss account | | | |
| Turnover | 21.610 | 21.602 | £8k turnover from rechargeable supply pipe repairs |
| Operating profit | 7.485 | 6.422 | See note 1 |
| Balance sheet | | | |
| Tangible fixed assets (net book value) | 59.326 | 60.215 | See note 3 |

Current cost profit and loss account for the 12 months ended 31 March 2013 (appointed business only)

| | Current year | | | Prior year | | |
|---|---------------|----------|-----------------|---------------|----------|-----------------|
| | Water | Sewerage | Total | Water | Sewerage | Total |
| Turnover | | | | | | |
| Unmeasured - household | 6.043 | - | 6.043 | 5.742 | - | 5.742 |
| - non-household | 0.515 | - | 0.515 | 0.579 | - | 0.579 |
| Measured - household | 8.823 | - | 8.823 | 8.424 | - | 8.424 |
| - non-household | 6.070 | - | 6.070 | 6.181 | - | 6.181 |
| Trade effluent | | - | - | | - | - |
| Bulk supplies/inter company payments | 0.040 | - | 0.040 | 0.035 | - | 0.035 |
| Other third party services (incl non-potable water) | 0.110 | - | 0.110 | 0.092 | - | 0.092 |
| Other sources | - | - | - | - | - | - |
| Total turnover | 21.602 | - | 21.602 | 21.053 | - | 21.053 |
| Current cost operating costs - wholesale | (14.045) | - | (14.045) | (11.867) | - | (11.867) |
| Current cost operating costs - retail | (2.669) | - | (2.669) | (3.113) | - | (3.113) |
| Operating income | (0.013) | - | (0.013) | 0.041 | - | 0.041 |
| Working capital adjustment | 0.124 | - | 0.124 | 0.115 | - | 0.115 |
| Current cost operating profit | 4.999 | - | 4.999 | 6.229 | - | 6.229 |
| Other income | | | 0.248 | | | 0.250 |
| Net Interest | | | (1.229) | | | (1.098) |
| Financing adjustment | | | 1.198 | | | 1.197 |
| Current cost profit before taxation | | | 5.216 | | | 6.578 |
| Net revenue movement out of tariff basket | (0.128) | - | (0.128) | - | - | - |
| Back-billing amount identified | - | - | - | - | - | - |

**Current cost cash flow statement for the 12 months ended 31
March 2013 (appointed business only)**

| | Current year | Prior year |
|---|----------------|----------------|
| Current cost operating profit | 4.999 | 6.229 |
| Working capital adjustment | (0.124) | (0.115) |
| Movement in working capital | 1.166 | 1.100 |
| Receipts from other income | 0.248 | 0.250 |
| Current cost depreciation | 3.433 | 2.987 |
| Current cost profit on sale of fixed assets | 0.013 | (0.041) |
| Infrastructure renewals charge | 1.602 | 1.009 |
| Movement in provisions | (0.636) | (0.217) |
| Net cash flow from operating activities | 10.701 | 11.202 |
| Returns on investments & servicing of finance | (1.016) | (0.933) |
| Taxation paid | (1.684) | (1.665) |
| Capital expenditure and financial investment | | |
| Gross cost of purchase of fixed assets | (8.010) | (7.590) |
| Receipt of grants and contributions | 1.726 | 1.622 |
| Infrastructure renewals expenditure | (1.378) | (1.544) |
| Disposal of fixed assets | 0.073 | 0.235 |
| Movements on long term group loans to group companies | - | - |
| Net cash outflow from investing activities | 0.411 | 1.327 |
| Acquisitions and disposals | - | - |
| Equity dividends paid | (2.961) | (2.801) |
| Net cash flow from management of liquid resources | - | - |
| Net cash flow before financing | (2.550) | (1.474) |
| Net cash inflow from financing | 2.545 | (2.543) |
| Increase/(decrease) in cash | (0.005) | (4.017) |

Operating cost analysis for the 12 months ended 31 March 2013 (wholesale business only)

| | Water | | | | Water sub-total | Sewerage | | | | Sewerage sub-total | Total |
|---|--------------|------------------------|--------------|----------------------|-----------------|-------------------|------------------|------------------|-----------------|--------------------|----------------|
| | Resources | Raw water distribution | Treatment | Treated distribution | | Sewage collection | Sewage treatment | Sludge treatment | Sludge disposal | | |
| Operating expenditure | | | | | | | | | | | |
| Power | 0.464 | - | 0.052 | 0.480 | 0.996 | - | - | - | - | - | 0.996 |
| Income treated as negative expenditure | - | - | - | - | - | - | - | - | - | - | - |
| Service charges | 0.719 | - | - | - | 0.719 | - | - | - | - | - | 0.719 |
| Bulk supply imports | - | - | 0.016 | - | 0.016 | - | - | - | - | - | 0.016 |
| Other operating expenditure | 1.087 | - | 1.250 | 3.995 | 6.332 | - | - | - | - | - | 6.332 |
| Local authority rates | 0.043 | 0.004 | 0.034 | 0.892 | 0.973 | - | - | - | - | - | 0.973 |
| Exceptional items | - | - | - | - | - | - | - | - | - | - | - |
| Total operating expenditure excluding third party services | 2.313 | 0.004 | 1.352 | 5.367 | 9.036 | - | - | - | - | - | 9.036 |
| Capital maintenance | | | | | | | | | | | |
| Infrastructure renewals charge | - | - | - | 1.602 | 1.602 | - | - | - | - | - | 1.602 |
| Current cost depreciation | 0.239 | - | 0.371 | 2.745 | 3.355 | - | - | - | - | - | 3.355 |
| Recharges to other business units | - | - | - | - | - | - | - | - | - | - | - |
| Recharges from other business units | - | - | - | - | - | - | - | - | - | - | - |
| Amortisation of deferred credits | - | - | - | (0.019) | (0.019) | - | - | - | - | - | (0.019) |
| Amortisation of intangible assets | - | - | - | - | - | - | - | - | - | - | - |
| Total capital maintenance excluding third party services | 0.239 | - | 0.371 | 4.328 | 4.938 | - | - | - | - | - | 4.938 |
| Third party services | | | | | | | | | | | |
| Operating expenditure | - | - | - | 0.071 | 0.071 | - | - | - | - | - | 0.071 |
| Infrastructure renewals charge | - | - | - | - | - | - | - | - | - | - | - |
| Current cost depreciation | - | - | - | - | - | - | - | - | - | - | - |
| Total operating costs | 2.552 | 0.004 | 1.723 | 9.766 | 14.045 | - | - | - | - | - | 14.045 |

Operating cost analysis for the 12 months ended 31 March 2013
(retail business only)

| | Household | Non-household | Total |
|---|--------------|---------------|----------------|
| Operating expenditure | | | |
| Customer services | 1.064 | 0.089 | 1.153 |
| Debt management | 0.172 | 0.072 | 0.244 |
| Doubtful debts | 0.224 | 0.094 | 0.318 |
| Meter reading | 0.176 | 0.021 | 0.197 |
| Services to developers | | 0.011 | 0.011 |
| Other operating expenditure | 0.558 | 0.044 | 0.602 |
| Local authority rates | 0.044 | 0.004 | 0.048 |
| Exceptional items | - | - | - |
| Total operating expenditure excluding third party services | 2.238 | 0.335 | 2.573 |
| Third party services operating expenditure | - | - | - |
| Total operating expenditure | 2.238 | 0.335 | 2.573 |
| Capital maintenance | | | |
| Current cost depreciation | 0.148 | 0.013 | 0.161 |
| Recharges to other business units | - | - | - |
| Recharges from other business units | - | - | - |
| Amortisation of deferred credits | (0.060) | (0.005) | (0.065) |
| Amortisation of intangible assets | - | - | - |
| Total capital maintenance | 0.088 | 0.008 | 0.096 |
| Total operating costs | 2.326 | 0.343 | 2.669 |
| Debt written off | 0.068 | 0.028 | 0.096 |

**Current cost analysis of fixed assets
(retail business only)**

| | Household | Non-household | Total |
|---|--------------|---------------|-----------------|
| Non-Infrastructure assets | | | |
| Gross replacement cost | | | |
| At 1 April 2012 | 16.990 | 2.102 | 19.092 |
| AMP adjustment | - | - | - |
| Reclassification adjustment | (14.573) | (1.883) | (16.456) |
| RPI adjustment | 0.079 | 0.007 | 0.086 |
| Disposals | (0.011) | (0.001) | (0.012) |
| Additions | 0.144 | 0.014 | 0.158 |
| At 31 March 2013 | 2.629 | 0.239 | 2.868 |
| Depreciation | | | |
| At 1 April 2012 | 12.229 | 1.557 | 13.786 |
| AMP adjustment | - | - | - |
| Reclassification adjustment | (11.556) | (1.498) | (13.054) |
| RPI adjustment | 0.022 | 0.002 | 0.024 |
| Disposals | (0.005) | - | (0.005) |
| Charge for year | 0.148 | 0.013 | 0.161 |
| At 31 March 2013 | 0.838 | 0.074 | 0.912 |
| Net book amount at 31 March 2013 | 1.791 | 0.165 | 1.956 |
| Net book amount at 1 April 2012 | 4.761 | 0.545 | 5.306 |

Analysis of capital expenditure, grants and land sales for the
12 months ended 31 March 2013

| | Current year | | | Prior year | | |
|---|--------------|------------------------|--------------|--------------|------------------------|--------------|
| | Gross | Grants & contributions | Net | Gross | Grants & contributions | Net |
| Capital expenditure - water | | | | | | |
| Base | | | | | | |
| Infrastructure Renewals Expenditure (IRE) | 1.540 | (0.162) | 1.378 | 1.684 | (0.140) | 1.544 |
| Maintenance non-infrastructure (MNI) | 1.746 | (0.011) | 1.735 | 1.475 | - | 1.475 |
| Enhancements | | | | | | |
| Infrastructure enhancements | 2.391 | (1.450) | 0.941 | 2.149 | (1.125) | 1.024 |
| Non-infrastructure enhancements | 3.833 | (0.265) | 3.568 | 3.978 | (0.055) | 3.923 |
| Total capital expenditure - water | 9.510 | (1.888) | 7.622 | 9.286 | (1.320) | 7.966 |
| Grants and contributions - water | | | | | | |
| Developer contributions (i.e. Enhancement requisitions, grants and contributions) | | 1.094 | | | 0.723 | |
| Infrastructure charge receipts - new connections | | 0.579 | | | 0.457 | |
| Other Contributions | | 0.214 | | | 0.140 | |
| Total grants and contributions - water | | 1.887 | | | 1.320 | |
| Capital expenditure - sewerage | | | | | | |
| Base | | | | | | |
| Infrastructure Renewals Expenditure (IRE) | - | - | - | - | - | - |
| Maintenance non-infrastructure (MNI) | - | - | - | - | - | - |
| Enhancements | | | | | | |
| Infrastructure enhancements | - | - | - | - | - | - |
| Non-infrastructure enhancements | - | - | - | - | - | - |
| Large projects capex | | | | | | |
| Infrastructure enhancements | - | - | - | - | - | - |
| Non-infrastructure enhancements | - | - | - | - | - | - |
| Total capital expenditure - sewerage | - | - | - | - | - | - |
| Grants and contributions - sewerage | | | | | | |
| Developer contributions (i.e. Enhancement requisitions, grants and contributions) | | - | | | - | |
| Infrastructure charge receipts - new connections | | - | | | - | |
| Other Contributions | | - | | | - | |
| Total grants and contributions - sewerage | | - | | | - | |
| Total capital expenditure - water and sewerage | 9.510 | (1.888) | 7.622 | 9.286 | (1.320) | 7.966 |
| Land sales - Proceeds from disposals of protected land | | | - | | | 0.240 |

Analysis of working capital

| | Current Year | Prior Year |
|---|----------------|----------------|
| Stocks | 0.184 | 0.144 |
| Trade debtors | | |
| - measured household | 1.214 | 0.377 |
| - unmeasured household | 0.549 | 0.251 |
| - measured non-household | 0.531 | 0.827 |
| - unmeasured non-household | 0.130 | 0.082 |
| - other | 0.798 | 0.677 |
| Measured income accrual | 3.423 | 3.186 |
| Prepayments and other debtors | 0.516 | 0.656 |
| Trade creditors | (3.208) | (3.008) |
| Deferred income – customer advance receipts | (5.175) | (3.444) |
| Capital creditors | (2.425) | (1.948) |
| Accruals and other creditors | (0.364) | (0.457) |
| Total working capital | (3.824) | (2.657) |
| Total revenue outstanding | | |
| - household | 2.332 | 1.399 |
| - non-household | 0.979 | 0.928 |

Analysis of net debt, gearing and interest costs

| | Fixed rate | Floating rate | Index linked | Total |
|---|-------------|---------------|--------------|---------------|
| Borrowings (excluding preference shares) | 26.841 | - | - | 26.841 |
| Preference share capital | | | | - |
| Total Borrowings | | | | 26.841 |
| Cash | | | | (2.625) |
| Short term deposits | | | | (0.002) |
| Net Debt | | | | 24.214 |
| Regulatory capital value | | | | 72.211 |
| Gearing | | | | 33.53% |
| Full year equivalent nominal interest cost | 1.229 | - | - | 1.229 |
| Full year equivalent cash interest payment | 1.017 | - | - | 1.017 |
| Indicative interest rates | | | | |
| Indicative weighted average nominal interest rate | | | 0.0% | 4.6% |
| Indicative weighted average cash interest rate | | | 0.0% | 3.8% |
| Weighted average years to maturity | 2.75 | - | - | 2.75 |

 Non-financial information for the 12 months ended 31 March 2013

| | Current year | | Prior year | |
|--|--------------|----------|------------|----------|
| | Water | Sewerage | Water | Sewerage |
| Number of properties ('000s) | | | | |
| Households billed | 120.291 | - | 118.868 | - |
| Non-households billed | 10.110 | - | 9.963 | - |
| Household voids | 1.848 | - | 2.171 | - |
| Non-household voids | 0.277 | - | 0.428 | - |
| Properties served by new appointee in supply area as at 1 April 2009 | - | - | - | - |
| Per capita consumption (excluding supply pipe leakage) l/h/d | | | | |
| Unmeasured household | 158.6 | | 153.4 | |
| Measured household | 125.6 | | 131.6 | |