

2007/2008 Final Accounts

Unaudited financial and operating statistics

We have made a commitment to publish information on our financial, customer service, operational and quality performance. This statistical section uses information primarily from the annual report and accounts, the company’s annual drinking water quality report and information submitted to the Water Services Regulation Authority as part of the company’s ‘June 2008 return’.

The financial information contained in this section does not constitute statutory accounts within the meaning of the United Kingdom Companies Act 1985.

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Financial and operating statistics

Unaudited financial information

	2007	2008
Group profit and loss accounts	£m	£m
Turnover	1,206.9	1,265.3
Operating profit	443.4*	407.1
Net interest payable	(143.7)	(166.8)
Profit for the financial year	299.7*	240.3
Taxation	(71.6)	(64.8)
Deferred taxation	39.3	21.5
Dividend (655.8) (263.1)		
Retained profit/(loss)	(388.4)	(66.1)

* After exceptional profit on disposal of assets £36.2 m and restructuring provision of £14.9 m.

	2007	2008
Group balance sheets	£m	£m
Fixed assets	5,216.8	5,420.7
Net current liabilities	(901.5)	(160.8)
	4,315.3	5,259.9
Creditors: amounts falling due after more than one year	(2,452.0)	(3,512.0)
Provisions for liabilities, charges and deferred income	(530.7)	(532.2)
	1,332.6	1,215.7
Capital and reserves		
Called up share capital	1,000.0	1,000.0
Profit and loss account	332.6	215.7
	1,332.6	1,215.7

	2007	2008
Turnover by category	£m	£m
Measured charges	487.0	520.2
Unmeasured charges	656.9	684.0
Trade effluent	34.8	34.3
Other	28.2	26.8
	1,206.9	1,265.3

Financial and operating statistics

Financial (continued)

	2007	2008
Net borrowings	£m	£m
Cash at bank and in hand	1.9	448.7
Borrowings	(3,121.8)	(3,928.8)
	(3,119.9)	(3,480.1)

Key ratios	2007	2008
Profitability		
Gross profit margin (%)	36.7	32.2
Return on capital employed (%): Historical cost	10.3	7.7
Return on fixed assets (%): Historical cost	8.5	7.5
Return on fixed assets (%) : Current cost	1.4	1.1
Gearing		
Debt to RCV (%)	56.3	58.8
Other		
Turnover per employee (£)	234,168.0	232,080.0
Operating profit per employee (£)	86,030.0	74,670.0

	2007	2008
Employee numbers	No.	No.
Employee number (average)	5,154	5,452
Employee number (year end)	5,246	5,504

Financial and operating statistics

Financial (continued)

	2007 No. '000	2008 No. '000
Population		
Water Supply	7,408	7,488
Sewerage	8,503	8,547
Billed properties		
Water		
Unmeasured domestic	2,206	2,171
Unmeasured non-domestic	14	13
Sub-total	2,220	2,184
Measured domestic	842	905
Measured non-domestic	184	183
Sub-total	1,026	1,088
Total	3,246	3,272
Sewerage	3,685	3,717
New connections during year		
Water supply	34	35
Sewerage	32	39

Financial and operating statistics

Customer service

Levels of service

Under Condition J of the Instrument of the Appointment of the Water and Sewerage Undertakers, the Water Services Regulation Authority requires the company to provide information on a series of levels of service indicators which compare the service provided to specified performance criteria. Company performance against Ofwat service indicators (properties/population meeting DG reference levels)

	2007 %	2008 %
(DG2) Pressure of mains water Percentage of properties not at risk of receiving water at a pressure less than one and a half atmospheres at the stop tap on the boundary of the property	99.99	99.95
(DG3) Interruption to supply Unplanned interruptions > 6 hours per 1000 property	No. 10.7	No. 184.5
(DG4) Water usage restrictions Percentage of properties not affected by:	%	%
Ban on hosepipes	100.00	100.00
Drought orders	100.00	100.00
(DG6) Response to billing contacts (see footnote at bottom of page xx) Response time for replies to billing contacts	%	%
Under 5 days	62.90	90.72
Under 10 days	67.1	93.0
Over 10 days	32.9	7.0
(DG7) Response to written complaints* Response time for replies to written complaints	%	%
Under 10 days	99.8	99.9
Under 20 days	100.0	100.0
Over 20 days	0.0	0.0

*This year has been one of vast improvement on all fronts in terms of interacting with customers. There has been a significant improvement in our DG6 2007/08 performance and a 34% reduction in the level of complaints received. In 2007/08 we received 2.8million customer contacts and 45,710 complaints.

Financial and operating statistics

Customer service (continued)

Levels of service

(DG9) Telephone contacts (see footnote at bottom of page)

Ease with which customers can make telephone contact and their satisfaction with the way we handle their telephone call.

	%	%
Percentage of calls from customers who get engaged tone	35.54	6.77
Percentage of customers who abandoned calls	20.47	7.93
Call handling satisfaction (score out of 5)	4.10	4.39
Guaranteed Standards Scheme (GSS)	2007	2008
Complaints answered within the guaranteed standards scheme time period	99.8%	99.9%
Number of statutory GSS payments made	19,808	12,872*

Supply / Demand

	2007 Number	2008 Number
Analysis of water supply sources		
Reservoirs	13	13
River intakes	17	17
Groundwater	145	144

* - note there has been a change in the June Return line definitions effective 1 April 2007

- this includes penalty payments

Financial and operating statistics

Investment

Investment expenditure	2007	2008
	£m	£m
Resources and treatment	46	45
Distribution	142	175
Sewerage	106	111
Sewage treatment	148	184
Other	60	52
	502	567

Analysis of investment expenditure

Capital expenditure	399	446
Gross infrastructure expenditure	103	121
	502	567

Physical outputs	2007	2008
Mains - added (km)	158	115
- renewals (km)	336	329
- relined (km)	0	1
- number of communication pipes repaired	29,376	23,713
Sewers - added (km)	140	174
- replaced (km)	10	4
- improved (km)	0	25
Number of properties where risk of flooding from sewers has been removed	124	129

Financial and operating statistics

Quality

Water supply	2006²	2007²
Overall quality of drinking water ¹		
Mean zonal compliance	99.98%	99.96%
Water leaving treatment works		
Number of determinations	36,037	41,851
% compliance with standards 99.98% >99.99%		
Water at service reservoirs		
Number of determinations	57,996	57,438
% compliance with standards	99.93%	99.95%
Water at customers' taps		
Number of determinations	150,416	189,643
% compliance with standards	99.98%	99.98%

Notes:

Information on quality is based on calendar year in accordance with the Water Supply (Water Quality) Regulations 2000.

¹ Water Quality Compliance is normally reported as Mean Zonal Compliance.

² Mandatory parameters only

Financial and operating statistics

Quality (continued)

Sewage treatment quality

Overall compliance with standards	2006	2007
Total number of sewage treatment works	1,055	1,050
Number of sewage treatment works failing consents	13	10

Information on compliance is based on calendar year.

Compliance of numerically consented works	2006	2007
Number of works with numeric consents	713	713
Compliance with sanitary standards (95 percentile)		
By tests to measure quality	99.6%	99.6%
Compliance with sanitary standards (upper tier)		
By tests to measure quality	>99.9%	>99.9%
Compliance with non-sanitary standards		
By tests to measure quality	99.5%	99.6%

Sewage

	2007	2008
Sludge disposal	tds	tds
Farmland	192,979	216,985
Landfill	15,732	9369
Incineration	43,787	33,456
Other	9,701	0
Total	262,200	259,810

tds= tonnes dry solids

Financial and operating statistics

Education activity

Our education programmes continue to raise awareness of the value of water, the benefits of using water wisely and the role of Severn Trent Water in managing water and the environment.

The Be Smart Award Scheme

The Be Smart Award Scheme continues to be very popular with schools in the region. In the financial year 2007/08 33 schools planned and carried out action relating to the four goals of the award with the support of Severn Trent Water volunteer mentors.

These 33 schools were assessed and awarded their Be Smart trophy and certificates for demonstrating a commitment to the wise use of water.

Education Centres

School visits to our network of education centres are still very popular particularly with primary school groups studying water and sustainability, with growing interest from secondary schools and colleges.

Our Education Centres continue to provide high quality educational experiences for visiting groups, with a focus on the value of water, water processing, the role of Severn Trent Water in the management of water in the environment and sustainability of water.

Projects for 2008/09

Work will continue to find new and innovative ways to reach more people with our education programmes. This will include the development of an interactive website for children focusing on the water cycle. From September 2008, school visits to Carsington Water Education Centre hosted by a qualified teacher will no longer be available. However, a new interactive exhibition is now open in the Visitor Centre, and schools will be able to continue to book self-led visits to the site with the support of an online teaching resource giving ideas for activities on site. This resource will be available online by September 1st 2008.

Education Centres 2008/09

Barston Sewage Treatment Works
Cropston Water Treatment Works
Hayden Sewage Treatment Works
Stoke Bardolph Sewage Treatment Works

For further information on how to arrange a visit to one of our centres please see our website www.stwater.co.uk/learning or email corporate.responsibility@severntrent.co.uk

	2007 No.	2008 No.
Education Centre visitor numbers:		
Number of pupils visits	25,529	19,977
Number of adult / teachers visits	3,732	3,265

Financial and operating statistics

Registered Office

Severn Trent Water Limited
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Directors

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