STATUTORY INSTRUMENTS

1985 No. 1805

WATER, ENGLAND AND WALES

The Water Authorities (Return on Assets) (No. 2) Order 1985

Made - - -	*21st November* 1985
Laid before Parliament	*25th November* 1985
Coming into Operation	*16th December* 1985

The Secretary of State, with the approval of the Treasury, in exercise of the powers conferred on him by section 29(2)(*a*) of the Water Act 1973(**a**), and of all other powers enabling him in that behalf, hereby makes the following order:—

Title, commencement and application

1.—(1) This order may be cited as the Water Authorities (Return on Assets) (No. 2) Order 1985 and shall come into operation on 16th December 1985.

(2) This order applies to the water authorities of England and Wales.

Interpretation

2. In construing, for the purposes of this order, "current cost" and "current cost operating profit" regard shall be had to the guidance for the preparation of current cost accounts contained in the publication entitled "Statement of Standard Accounting Practice No. 16" issued in March 1980 by the bodies represented on the Consultative Committee of Accountancy Bodies.

Definition of "the value of their net assets" for the purposes of section 29 of the Act

3. In relation to any water authority "the value of their net assets" is defined, for the purposes of section 29 of the Water Act 1973, as the mean between the total net value, at current cost, of the assets held by the authority for the purposes of their functions (other than functions relating to land drainage) on 1st April 1986 and of the assets so held on 31st March 1987.

Return on value of net assets

4.—(1) In this article, in relation to any water authority —

"their 1986 balance" means the amount by which that authority's 1986 achievement, as defined in the Water Authorities (Return on Assets) Order 1985(**b**), exceeded or fell short of the rate of return specified for that

(**a**) 1973 c.37; section 29(2)(*a*) was amended by section 11(3) of, and Schedule 5 to, the Water Act 1983 (c.23).
(**b**) S.I. 1985/78.

authority in the Schedule to the said order; and
"their 1987 achievement" means the aggregate of—
(*a*) their 1986 balance,
(*b*) the current cost operating profit of the authority earned for the financial year 1986-87 from the authority's functions other than functions relating to land drainage, and
(*c*) any amount transferred to their appropriation account in respect of that year from any tariff equalisation fund maintained by the authority.

(2) The rate per cent. shown in relation to any water authority in the Schedule to this order is specified as the rate of return on the value of their net assets which the Secretary of State considers it reasonable for that authority to achieve in respect of the financial year 1986-87 (in this article referred to as "the specified rate for 1987").

(3) It is hereby directed that during the financial year 1986-87 each water authority shall discharge their functions with a view to securing that their 1987 achievement expressed as a percentage of the value of their net assets is not less than the specified rate for 1987.

SCHEDULE Article 4(2)

SPECIFIED RATE OF RETURN ON VALUE OF NET ASSETS IN RESPECT OF THE YEAR 1986-87

Water Authority	Rate of Return
	per cent.
Anglian Water Authority	1.68
Northumbrian Water Authority	1.73
North West Water Authority	1.50
Severn-Trent Water Authority	1.60
Southern Water Authority	1.55
South West Water Authority	1.73
Thames Water Authority	1.61
Welsh Water Authority	1.65
Wessex Water Authority	1.50
Yorkshire Water Authority	1.60

Kenneth Baker,
Secretary of State for the Environment.

21st November 1985.

Nicholas Edwards,
Secretary of State for Wales.

21st November 1985.

We approve the making of this order,

A. G. Hamilton,
Ian B. Lang,
Two of the Lord's Commissioners of Her Majesty's Treasury.

21st November 1985.

EXPLANATORY NOTE

(This Note is not part of the Order.)

This order gives directions to the water authorities. It specifies the rate of return on the value of their net assets which the Secretary of State considers each water authority can reasonably achieve for the financial year 1986-87; and directs authorities to discharge their functions with a view to achieving a rate no lower than that rate.

The publication entitled "Statement of Standard Accounting Practice No. 16", which is mentioned in article 2 of the order, is obtainable from the Institute of Chartered Accountants in England and Wales, Silbury Boulevard, Witan Gate East, Central Milton Keynes, Buckinghamshire MK9 2HL.

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