STATUTORY INSTRUMENTS

1984 No. 1995

WATER, ENGLAND AND WALES

The Water Authorities (Return on Assets) Order 1984

Made - - - -	17*th December* 1984
Laid before Parliament	7*th January* 1985
Coming into Operation	29*th January* 1985

The Secretary of State for the Environment, 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 of powers

1.—(1) This order may be cited as the Water Authorities (Return on Assets) Order 1984 and shall come into operation on 29th January 1985.

(2) This order applies to the water authorities mentioned in the Schedule.

Interpretation

2.—(1) In this order "the relevant period" means the period beginning with the commencement of this order and ending on 31st March 1985.

(2) In construing, for the purposes of this order, "current cost" and "current cost operating profit" regard shall be had to the requirements 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 1984 and of the assets so held on 31st March 1985.

Return on value of net assets

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

"their 1984 balance" means the amount by which that authority's 1984 achievement, as defined in the Water Authorities (Return on Assets) Order 1983(**b**), exceeded or fell short of the rate of return specified for that authority in the Schedule to that order; and

"their 1985 achievement" means the aggregate of—

(**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. 1983/1592.

(*a*) their 1984 balance,

(*b*) the current cost operating profit of the authority earned for the financial year 1984–85 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 Secretary of State specifies as the rate of return on the value of their net assets which he considers it reasonable for each of the water authorities mentioned in the Schedule hereto to achieve in the relevant period, such rate as results in that authority achieving for the financial year 1984–85 a rate of return on those assets equal to the rate specified in the Schedule hereto in relation to that authority.

(3) It is hereby directed that during the relevant period each water authority mentioned in the Schedule to this order shall discharge their functions with a view to securing that for the financial year 1984–85 the ratio of their 1985 achievement to the value of their net assets, expressed as a percentage, is not less than the relevant rate specified in that Schedule.

Article 4

SCHEDULE

SPECIFIED RATE OF RETURN ON VALUE OF NET ASSETS IN RESPECT OF THE YEAR 1984–85

Water authority	Rate of return for 1984/5
	per cent.
Anglian Water Authority	1.36
Northumbrian Water Authority	1.25
North West Water Authority	0.95
Severn-Trent Water Authority	1.25
Southern Water Authority	0.91
South West Water Authority	1.26
Thames Water Authority	0.50
Wessex Water Authority	0.61
Yorkshire Water Authority	1.00

Patrick Jenkin,
Secretary of State for the Environment.

14th December 1984.

We approve the making of this order,

John Major,
Donald Thompson,
Two of the Lords Commissioners
of Her Majesty's Treasury.

17th December 1984.

EXPLANATORY NOTE

(*This note is not part of the order.*)

This order gives directions to the nine English 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 and directs those authorities to discharge their functions for the rest of the financial year 1984–85 with a view to achieving for that year the appropriate rate of return specified in the Schedule.

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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