

APPENDIX 4.2
(referred to in paragraph 4.41)

HE: profit and loss statements (HCA basis)

£ million

	<i>Years ended 31 March</i>			
	<i>1991</i>	<i>1992</i>	<i>1993</i>	<i>1994</i>
Turnover	566.1	667.4	717.8	792.4
Other operating income	4.3	3.0	-	-
Operating costs	<u>(449.4)</u>	<u>(519.8)</u>	<u>(541.1)</u>	<u>(615.2)</u>
Operating profit	121.0	150.6	176.7	177.2
Results of associated undertakings	-	-	-	(0.2)
Exceptional items	(2.5)	-	-	-
Interest receivable/(paid)	(58.2)	(27.9)	(17.8)	(12.8)
Premium on redemption of bonds	-	-	<u>(12.5)</u>	-
Profit before tax	60.3	122.7	146.4	164.2
Tax	-	<u>(25.7)</u>	<u>(40.6)</u>	<u>(42.7)</u>
Profit after tax	60.3	97.0	105.8	121.5
Extraordinary items*	(11.5)	-	-	-
Minority interests	-	-	-	0.2
Dividends paid and proposed	-	<u>(39.0)</u>	<u>(43.6)</u>	<u>(48.5)</u>
Profit retained	48.8	58.0	62.2	73.2
Dividend cover†	N/A	2.5	2.4	2.5
Interest cover‡	2.0	5.4	9.9	13.8
Return on equity (%)§	27.0	16.7	16.5	17.0
Return on net operating assets (%)	14.6	18.0	19.7	17.9
Operating margin (%)	21.4	22.6	24.6	22.4
Percentage change in turnover	N/A	17.9	7.6	10.4
Percentage change in dividend	N/A	N/A	11.8	11.2
Percentage change in profit after tax	N/A	60.9	9.1	14.8
Shareholders' funds	223.7	581.3	639.4	712.8
Net operating assets	831.1	837.8	894.8	988.9

Source: HE.

*Privatization costs.

†Defined as distributable profit after tax divided by dividends paid.

‡Defined as profit before interest and tax divided by net interest payable.

§Defined as post-tax return on closing shareholders' funds.