

# Chapter 26

## Regulatory Accounts

### Current Cost Accounting

Covering:  
Working capital

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#### **Working capital**

#### **Guidance**

This table analyses the components of working capital.

Trade debtors are sub-analysed into five categories. It is expected that your systems are able to provide such a breakdown. However, if any apportionments are used to populate these lines then an explanation of the basis of this calculation should be provided in the commentary.

#### **Company commentary**

Any assumptions or calculations used to split the trade debtors figures into the 5 components should be explained fully in the commentary.

The PPP element of any line should be disclosed separately in commentary.

For all items in the table significant features, movements, events and transactions over the last period should be noted.

#### **Guidance to Auditors**

See "Auditor's guidance".

**Table 26 line definitions**

<b>1</b>	Stocks	£m	3dp
<b>Definition</b>	Stock held at the year end. Stocks comprise consumable stores and work in progress, including chemicals, stationary, petrol, backfill materials etc.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input (positive number)		
<b>Responsibility</b>	Regulatory Finance Team		

<b>2</b>	Trade debtors – measured household	£m	3dp
<b>Definition</b>	Trade debtors relating to measured household billings.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input (positive number)		
<b>Responsibility</b>	Regulatory Finance Team		

<b>3</b>	Trade debtors – unmeasured household	£m	3dp
<b>Definition</b>	Trade debtors relating to unmeasured household billings.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input (positive number)		
<b>Responsibility</b>	Regulatory Finance Team		

<b>4</b>	Trade debtors – measured non-household	£m	3dp
<b>Definition</b>	Trade debtors relating to measured non-household billings.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input (positive number)		
<b>Responsibility</b>	Regulatory Finance Team		

<b>5</b>	Trade debtors – unmeasured non-household	£m	3dp
<b>Definition</b>	Trade debtors relating to unmeasured non-household billings.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input (positive number)		
<b>Responsibility</b>	Regulatory Finance Team		

<b>6</b>	Other trade debtors	£m	3dp
<b>Definition</b>	Trade debtors relating to billings not covered by lines 2 to 5. This may include amounts for services provided other than water and sewerage charges.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input (positive number)		
<b>Responsibility</b>	Regulatory Finance Team		

<b>7</b>	Measured income accrual	£m	3dp
<b>Definition</b>	The accrual for revenue from measured customers which relates to the reporting year but that has not yet been billed.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input: positive number		
<b>Responsibility</b>	Regulatory Finance Team		

<b>8</b>	Prepayments and other debtors	£m	3dp
<b>Definition</b>	Prepayments and other debtors which relate to operating activities, excluding the measured income accrual and the infrastructure renewals prepayments.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input: positive number		
<b>Responsibility</b>	Regulatory Finance Team		

<b>9</b>	Trade creditors	£m	3dp
<b>Definition</b>	Trade creditor balances at the year end falling due within one year.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input: negative number		
<b>Responsibility</b>	Regulatory Finance Team		

<b>10</b>	Deferred income – customer advance receipts	£m	3dp
<b>Definition</b>	The liability relating to all monies received from customers where the turnover relating to this has not yet been recognised. This will include: <ul style="list-style-type: none"> <li>• Unmeasured customers' payments made in advance of the 1 April for the next charging year; and</li> <li>• Measured customers who have credit balances arising from a direct debit payment plan.</li> </ul>		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input: negative number		
<b>Responsibility</b>	Regulatory Finance Team		

<b>11</b>	Short term capital creditors	£m	3dp
<b>Definition</b>	Creditor balances at the year end for capital goods falling due within one year. This should include any accruals for capital goods.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input: negative number		
<b>Responsibility</b>	Regulatory Finance Team		

<b>12</b>	Accruals and other creditors	£m	3dp
<b>Definition</b>	Accruals and non-trade creditors which relate to operating activities, excluding deferred income from customer receipts and also excluding the infrastructure renewals accrual.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Input		
<b>Responsibility</b>	Regulatory Finance Team		

<b>13</b>	Total working capital	£m	3dp
<b>Definition</b>	The total of all stock, debtors and creditors which relate to operating items, including short term capital creditors, but excluding any infrastructure renewals prepayment or accrual.		
<b>Primary Purpose</b>	Informing relative performance and efficiency assessments.		
<b>Processing rule</b>	Calculated: sum of lines 1 to 12		
<b>Responsibility</b>	Regulatory Finance Team		

**CHANGE CONTROL SHEET**  
**CHAPTER 26**

2008/1.0	First issue of chapter for the SBP period
2009/1.0	Second issue of chapter for the SBP period.