

Regulatory statistics and information

Price control

Under the company's licence, there are restrictions on the prices it may charge for its main switched telephone services. The company's performance against this price constraint, which is linked to the annual movement in the retail price index (RPI), is shown below.

YEAR COMMENCING 1 AUGUST	1993	1994	1995	1996	1997
% RPI movement for the relevant period (a)	1.22	2.62	3.52	2.14	2.94
RPI formula in effect (b)	(7.50)	(7.50)	(7.50)	(7.50)	(4.50)
% required reduction in prices (c)	(6.94)	(4.86)	(1.38)	(4.92)	(1.56)
% reduction in prices overall	(6.95)	(7.35)	(1.82)	(4.92)	(1.59)(d)

(a) Annual increase in RPI to previous June.

(b) From 1 August 1997, the RPI formula covers the main switched telephone services provided to the lowest 80% by bill size of BT's residential customers. The previous formula covered such services supplied to all residential and business customers.

(c) After permitted carry forward of any unused allowance or shortfall from previous years.

(d) Price changes implemented to 26 May 1998.

Exchange line disconnections for non-payment of bills

YEAR ENDED 31 MARCH 1998

	April	May	June	July	Aug	Sep
Business ('000)	21	18	18	19	15	18
Residential ('000)	96	73	71	84	86	71
Total disconnections ('000)	117	91	89	103	101	89
	Oct	Nov	Dec	Jan	Feb	Mar
Business ('000)	18	17	9	10	13	14
Residential ('000)	72	60	48	57	65	65
Total disconnections ('000)	90	77	57	67	78	79

BT's policy is not to disconnect customers for non-payment of regular bills unless 28 days have elapsed from the dispatch of the relevant bill, except in cases of suspected fraud. Generally, customers who are late in paying receive at least two reminders from BT, one of which is normally given by telephone, before the company considers disconnection. BT takes this action only as a last resort, after restricting the service to incoming calls only and giving customers an opportunity to agree revised payment plans.

Classified directory business in the UK

The company is providing the following information with respect to its classified directory business in the UK in accordance with undertakings made with the Office of Fair Trading in July 1996. For the year ended 31 March 1998, the classified directory business of BT made an operating profit of £179m (1997 – £166m) on turnover of £420m (1997 – £389m) and, at 31 March 1998, it employed net assets of £136m (1997 – £151m). Since the classified directory business is integrated with the company's wider operations, this financial information incorporates the effects of certain apportionments and allocations of expenditures and assets.

BT is required to submit annual audited accounts in respect of the classified directory business to the Director of the Office of Fair Trading within nine months of the company's financial year end. Copies of these accounts, when available, may be obtained free of charge from the *Financial Director, Yellow Pages at Queens Walk, Reading, RG1 7PT*.

Financial, operational and regulatory statistics have been restated where necessary to provide consistency with the presentation of the 1998 figures.