

Principal activities

Results and dividends

An interim dividend of 4.0p per share was paid on 31 January 1995. The directors recommend a final dividend of 10.5p payable on 3 August 1995 to ordinary shareholders on the register at 11 July 1995, making a total of 14.5p for the full year. It is proposed that the retained profit of £68.8m be transferred to reserves.

Details of the authorised and issued share capital of the Company are set out in Note 18 to the accounts on pages 32 and 33. During August and September 1994, 13.6 million ordinary shares of 50p each were purchased by the Company (representing 5.3% of the issued share capital), under the authority given at the 1994 Annual General Meeting, at an average cost of 430p, £58.4m in aggregate. All such shares have been cancelled.

As at 31 May 1995, the Company had been notified of the following interests of 3% or more in its issued ordinary share capital:

Name	
Norwich Union Life Insurance Society Limited	5.78%
Prudential Corporation Group of Companies	4.74%

SEEBOARD plc is not a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

Biographical details of directors are given on page 14.

None of the executive directors has a service contract exceeding two years. Non-executive directors do not have service contracts with the Company. The former Group Finance Director, Mr J B Quin retired on 30 September 1994 and the former Managing Director, Operations, Mr L Jones OBE, retired on 31 December 1994.

All the directors served throughout the year with the exception of Mr M J Pavia who joined the Company as Group Finance Director on 1 October 1994, Mr A R Smith who was appointed Managing Director, Business Group on 1 January 1995 to succeed Mr J Weight and Mr C M Thompson who joined the Company as a non-executive director on 1 June 1995. Mr Weight transferred from Managing Director, Business Group, to Managing Director, Distribution, on 1 January 1995 following the retirement of Mr L Jones.

The directors retiring by rotation at the Annual General Meeting in accordance with the Company's Articles of Association are Mr R H C Aldred and Mr J Weight both of whom, being eligible, offer themselves for re-appointment. Mr M J Pavia, Mr A R Smith and Mr C M Thompson having been

SEEBOARD plc - REPORT OF THE DIRECTORS

appointed since the previous Annual General Meeting and, being eligible, also offer themselves for re-appointment.

Mr M J Pavia, Mr A R Smith and Mr J Weight have service contracts terminable upon two years' notice by the Company and one year's notice by the director. Neither Mr R H C Aldred nor Mr C M Thompson have a service contract with the Company.

Directors' interests in shares

The beneficial interests of directors and their families in the share capital of the Company as at 31 March 1995 are set out in the table below. The executive directors are eligible to participate in the Profit Sharing Scheme and the shares held on their behalf by the trustees of that scheme are shown separately in the table. Full details of shares over which options have been exercised during the year and are currently held by the executive directors under both the Executive Share Option Scheme and Employees' Sharesave Scheme are stated in Note 6 to the accounts on page 26.

There have been no changes in total shareholdings by directors since 31 March 1995. The directors are not aware of any contract of significance, other than service contracts, in relation to the Company or its subsidiaries in which any director has, or has had, a material interest.

	Ordinary shares of 50p each		Shares held by Trustees		Share Options Executive Option Scheme		Sharesave Schemes	
	31/3/1995	1/4/1994	31/3/1995	1/4/1994	31/3/1995	1/4/1994	31/3/1995	1/4/1994
Sir Keith Stuart	4,000	4,000	-	-	-	-	-	-
T J Ellis	106,184	106,184	538	538	134,000	134,000	-	-
R H C Aldred	6,000	6,000	-	-	-	-	-	-
D P Cassidy	5,000	5,000	-	-	-	-	-	-
R A Cox CBE	8,000	8,000	-	-	-	-	-	-
P H Dean CBE	4,000	4,000	-	-	-	-	-	-
S Gutteridge	3,200	3,200	-	-	126,000	126,000	-	-
M J Pavia ¹	5,000	-	-	-	-	-	-	-
A R Smith ²	3,984	3,384	914	914	55,000	30,000	4,542	4,542
C M Thompson ³	440	-	-	-	-	-	-	-
J A Walmsley	8,000	8,000	-	-	-	-	-	-
J Weight	23,184	23,184	516	516	50,000	50,000	5,746	5,746

¹ at 8 August 1994 ² at 23 December 1994 ³ Mr Smith's interests pre-date his appointment on 1 January 1995

⁴ Mr Thompson's interests pre-date his appointment on 1 June 1995

Directors' and officers' liability insurance

The Company has maintained insurance to cover directors' and officers' liability, including those for its subsidiaries, as permitted by Section 310(3)(a) of the Companies Act 1985, as amended.

Employment policies

The Company communicates with staff about current activities and progress. Employee involvement in the business is encouraged through share ownership schemes. The Company is an equal opportunity employer and sympathetic consideration is given to suitable employment applications from disabled persons and to retaining, where possible, in positions compatible with their disability, those employees who become disabled. High standards for health and safety at work are set and monitored. Health and safety at work is an issue of critical relevance to the Company. SEEBOARD's staff Health and Safety policy is clearly laid down and implemented through a number of committees which are responsible for ensuring the well being of all staff.

REPORT OF THE DIRECTORS

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. KPMG are willing to continue as auditors and a resolution proposing their re-appointment and the determination of their fees will be presented at the forthcoming Annual General Meeting.

Fixed assets

Changes in the tangible fixed assets of the Company during the year are summarised in Note 10 to the accounts on page 29.

Donations

Donations for charitable purposes amounted to £181,838 in the year (1994 £187,253). SEEBOARD has continued to support projects with the provision of manpower and equipment. A report on SEEBOARD in the Community appears on page 13. No contributions were made to political organisations by the Company or any of its subsidiaries.

Research and development

SEEBOARD continued to support, with others, research and development undertaken by EA Technology Limited and the Industrial Energy Efficiency Centre at Hatfield, Hertfordshire. Sponsorship of the SEEBOARD Chair of Electrical Engineering at Brighton University has been maintained together with the teaching fellowship at Kingston University. The close association with Technology Transfer South continues to provide a link between small industrial companies and experts within universities to promote and adopt new technologies.

Pensions management

The assets of the Electricity Supply Pension Scheme (ESPS) are held separately from those of the Company by the trustees of the Scheme. Two of the SEEBOARD Group Trustees, one appointed and one elected, also serve as directors of Electricity Pensions Trustee Limited with directors from other electricity companies. The scheme is managed by ESN Pension Management Group Limited, a subsidiary of ESN Holdings Limited. At all levels there is independent legal and financial advice. Staff and pensioners are kept informed about changes to the ESPS and pension matters in general.

Corporate governance

The Board supports the principles contained in the Cadbury Committee's Code of Best Practice and confirms that the Company has fully complied with the provisions of the code. There are two main Committees of the Board. The Audit Committee has terms of reference which include examination and review of the Company's internal financial controls, financial accounting policies and practices, form and content of the Annual Report and Accounts and any interim statement of account. The Remuneration and Appointments Committee's terms of reference include determination of terms and conditions of executive directors and senior managers, including their remuneration. Membership of the Audit and Remuneration and Appointments committees is set out on page 14.

Internal controls

The Directors have established a system of internal financial controls designed to provide reasonable, but not absolute, assurance that the Company's assets are safeguarded against material loss and that transactions are properly authorised, recorded and reported. The control system includes clear lines of accountability and documented delegations of authority from the Board of Directors which cover all areas of the organisation.

Going concern

The Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis in preparing the accounts continues to be adopted.

SEERBOARD plc - REPORT OF THE DIRECTORS

Resolutions to be proposed at the Annual General Meeting

The Resolutions to be proposed at the Annual General Meeting are set out on pages 40 to 42. **Resolutions 1 to 8** represent the ordinary business of an Annual General Meeting. Renewal of existing authorities is being sought by **Resolutions 9 and 10**. The Directors are generally authorised to allot ordinary shares up to an aggregate nominal amount of £45.5m during the five year period commencing 12 January 1994. However, if the Directors wish to allot ordinary shares for cash they must first offer those shares to existing shareholders in proportion to their holdings. The Directors believe it is in the interest of the Company for the Directors to be able to finance business opportunities as they arise by the issue of shares for cash without first offering them to existing holders. Accordingly, as permitted by the Companies Act 1985, and in accordance with common practice, **Resolution 9** seeks, by Special Resolution, an authority for the Directors to allot for cash new shares up to a nominal amount of £6,128,577 representing approximately 5 per cent of the current issued share capital, without first offering such shares to existing holders. This authority will terminate no later than 15 months after the date of the passing of the Resolution.

Resolution 10 provides for the renewal of the authority to purchase ordinary shares in the market. The Ordinary Resolution proposes that the authority be given for up to 36 million of the ordinary shares (representing approximately 14.7 per cent of the current issued share capital). The authority would expire on the date of the 1996 Annual General Meeting. The increased level of purchases for which authority is sought this year reflects the balance remaining of approximately 4.7 per cent from the authority given in 1994. No decision has been taken to use the power but the Directors wish to have authority to do so if they consider that it would result in an increase in the earnings per share and is in the best interests of shareholders generally.

The Directors have reviewed the Company's Articles of Association adopted in 1990 and propose that changes be made to those Articles and that new Articles of Association be adopted.

Resolution 11 proposes, as already announced, the deletion of the provision designed to prevent anyone being interested in 15 per cent or more of the Company's shares, as your directors believe that it is no longer appropriate, and, further, proposes to give full effect to the redemption of the single £1 Special Share (which took place on the due date of 31 March 1995) by reducing the authorised share capital of the Company by £1 to £200,000,000.

The Chairman and the Chief Executive (whose office includes the position of Managing Director) are currently excluded from the requirement to retire by rotation. **Resolution 12** proposes that they be included in that requirement.

The final resolution will depend on how members have voted on Resolutions 11 and 12. The Articles of Association will be amended to reflect these decisions. Most of the other differences between the current Articles and the new Articles proposed for adoption under **Resolution 13** relate to procedural matters including the current requirements of the Stock Exchange. The new Articles would, for example, allow the Company to cease sending dividend payments and documents to shareholders where more than one payment or document has remained uncashed or been returned undelivered. Other differences from the current Articles relate to the Company's internal procedures, for example, the Directors' delegation powers would be clarified and extended, the Directors would be permitted to meet by way of telephone conference call and the restrictions on directors' voting on matters in which they are interested would be extended.

By Order of the Board


M A Nagle
Company Secretary

6 June 1995

SEEBOARD plc - ACCOUNTS
for the year ended 31 March 1995

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy, the financial position of the Company, and for ensuring that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF SEEBOARD plc

We have audited the financial statements on pages 20 to 38.

Respective responsibilities of directors and auditors

As described above the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

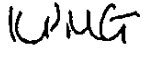
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 1995 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

RPMG 
Chartered Accountants
Registered Auditors

London
6 June 1995

SEABOARD plc - GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1995

	Note	1995 £m	1994 £m
Turnover	1	1,195.6	1,218.1
Cost of sales		(846.3)	(879.7)
Gross profit		349.3	338.4
Net operating costs and administrative expenses	2	(210.7)	(218.4)
Operating profit		138.6	120.0
Income from fixed asset investments	3	14.7	13.6
Profit on ordinary activities before interest		153.3	133.6
Net interest	4	1.5	(1.9)
Government debt premium	5	(12.8)	-
Profit on ordinary activities before taxation		142.0	131.7
Taxation on profit on ordinary activities	7	(38.0)	(35.0)
Profit on ordinary activities after taxation		104.0	96.7
Minority interests		(0.1)	(0.2)
Profit for the financial year		103.9	96.5
Dividends	8	(35.1)	(29.8)
Retained profit		68.8	66.7
Earnings per ordinary share			
Normal	9	41.5p	37.8p
Adjusted to exclude Government debt premium write off	9	46.6p	37.8p

A statement of movements on the profit and loss account is given in note 19.

Recognised gains or losses

There are no recognised gains or losses (1994 £nil) other than the profit for the financial year.

SEEBOARD plc - BALANCE SHEETS
as at 31 March 1995

	Note	Group		Company	
		1995 £m	1994 £m	1995 £m	1994 £m
Fixed assets					
Tangible assets	10	525.3	494.2	525.2	494.2
Investments	11	57.3	57.4	60.8	60.8
		582.6	551.6	586.0	555.0
Current assets					
Stocks	12	10.5	10.7	10.5	10.7
Debtors	13	220.4	194.7	214.7	188.2
Investments	15	13.2	9.7	8.5	6.5
Cash at bank and in hand		36.0	175.3	24.4	164.5
		280.1	390.4	258.1	369.9
Creditors (amounts falling due within one year)	16	251.1	268.3	237.8	256.1
Not current assets		29.0	122.1	20.3	113.8
Total assets less current liabilities		611.6	673.7	606.3	668.8
Creditors (amounts falling due after more than one year)	16	14.3	83.4	14.0	82.5
Provisions for liabilities and charges	17	36.2	45.1	36.2	45.1
Minority interests		0.4	0.3	-	-
Net assets		560.7	544.9	556.1	541.2
Capital and reserves					
Called up share capital	18	122.5	128.2	122.5	128.2
Share premium account	19	5.5	1.2	5.5	1.2
Capital redemption reserve	19	0.8	-	6.8	-
Profit and loss account	19	425.9	415.5	421.3	411.8
Shareholders' funds		560.7	544.9	556.1	541.2

The accounts on pages 20 to 38 were approved by the Board of Directors on 6 June 1995 and were signed on its behalf by:

Keith Stuart

Sir Keith Stuart
Chairman

Michael J. Pavia

Michael J Pavia
Group Finance Director

SEABOARD plc - GROUP CASH FLOW STATEMENT
for the year ended 31 March 1995

	<i>Note</i>	1995 £m	1994 £m
Net cash inflow from operating activities	23	106.4	285.8
Returns on investments and servicing of finance			
Interest received		5.8	6.7
Interest paid		(4.6)	(8.4)
Government debt premium		(12.8)	-
Dividends received		11.5	9.7
Dividends paid		(31.2)	(26.3)
Net cash outflow from returns on investments and servicing of finance		(31.3)	(18.3)
Taxation			
Corporation tax paid (including ACT)		(43.0)	(33.7)
Cashflow from operations after tax		32.1	233.8
Investing activities			
Purchase of tangible fixed assets		(68.3)	(79.6)
(Purchase)/sale of current asset investments		(1.4)	2.7
Purchase of fixed asset investments		-	(0.2)
Receipts from sales of tangible fixed assets		3.3	0.8
Net cash outflow from investing activities		(66.4)	(76.3)
Net cash (outflow)/inflow before financing		(34.3)	157.5
Financing			
Issue of ordinary share capital		3.1	2.0
Purchase of own shares		(60.5)	-
Repayment of Government debt		(54.0)	(26.0)
Net cash outflow from financing		(111.4)	(24.0)
(Decrease)/increase in cash and cash equivalents	23	(145.7)	133.5

New accounting standards

Except for the effect of two new Financial Reporting Standards issued by the Accounting Standards Board the accounting policies of the Group remain unchanged. The two standards, which have a direct impact upon these accounts, are FRS4 - Capital Instruments and FRS5 - Reporting the substance of transactions.

During the year, SEEBOARD repurchased Government debt for £66.8m, representing a premium of £12.8m over the book amount of the debt. In compliance with FRS4, this premium on repayment has been shown separately as a charge to the profit and loss account.

The Employee Share Ownership Trust (ESOT) received a further loan of £2m during the year, making a total of £8.5m, with which it has purchased SEEBOARD shares. In compliance with FRS5 the ESOT has been consolidated into the Group and the amounts loaned are shown as own shares purchased. Comparative figures in the balance sheet have been restated accordingly.

Basis of preparation

The accounts have been prepared under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards.

No profit and loss account is presented for the Company as provided by Section 230 of the Companies Act 1985.

Consolidation

The accounts consolidate the financial statements of SEEBOARD plc ('the Company'), its subsidiary undertakings and its share of the results of associated undertakings ('the Group'). The results of the subsidiaries are included in the consolidated profit and loss account from the date of acquisition. Goodwill arising on consolidation, being the excess of the purchase price of subsidiaries and associates over the fair value of the net assets acquired, is written off against reserves.

An associated undertaking is one in which the Group has a long term interest and over which it exercises significant but not dominant influence. The Group's share of the profits less losses of associates is included in the profit and loss account within income from fixed asset investments and the Group's share of net assets is included in investments in the balance sheet. Where an accounting policy of an associate represents a significant departure from that of the Group, appropriate adjustments to the results of the associate are made on consolidation.

Turnover

Turnover represents the value of electricity consumption during the year, which includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the year end, and the invoice value of other goods and services provided, exclusive of value added tax.

Cost of sales, net operating costs and administrative expenses

Cost of sales includes the purchase cost of electricity, use of system charges and all other costs incurred to the point of sale. Other costs are analysed between net operating costs and administrative expenses. Net operating costs, referred to by the Companies Act 1985 as distribution costs, include all other costs with the exception of finance and administrative expenses.

SEEBORD plc - ACCOUNTING POLICIES

Regulated Income

Where there is an over recovery of Supply or Distribution Business revenues against the regulated maximum allowable amount, revenues equivalent to the over recovered amount are deferred. The deferred amount is deducted from turnover and included in creditors within accruals and deferred income. Where there is an under recovery, any potential future recovery is not anticipated.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The charge for depreciation is calculated on a straight line basis to write off assets over their estimated useful lives. Freehold land is not depreciated. The lives of each major class of asset are:

Network plant and buildings	40 years, at 3% for 20 years then 2% per annum
Non-network buildings	Up to 60 years
Fixtures, equipment and vehicles	Up to 10 years

In the case of major projects, such as the construction of generation plant, cost includes interest capitalised during the construction period.

Customers' contributions are credited to the profit and loss account at the same rate as the network is depreciated.

Property clawback

Under a trust deed, HM Government is entitled to a proportion of certain property gains accruing or treated as accruing as a result of property disposals. A provision for clawback of gains in respect of property disposals is made only to the extent that it is probable that a liability will crystallise. Such a liability will crystallise when an actual or deemed disposal occurs.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the lease.

Pension costs

Contributions to the Electricity Supply Pension Scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Company. The capital cost of ex-gratia and supplementary pensions is charged to the profit and loss account in the accounting period in which they are granted.

Deferred taxation

Deferred taxation arises in respect of items where there is a timing difference between their treatment for accounting purposes and their treatment for taxation purposes. A provision or asset for deferred taxation, using the liability method, is established to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

SEEBOARD plc - NOTES TO THE ACCOUNTS

31 March 1995

1 Turnover, profit and net assets by business

Turnover, profit before taxation and net assets of continuing operations attributable to the following classes of business were:

	Turnover		Profit before taxation		Net assets	
	1995 £m	1994 £m	1995 £m	1994 £m	1995 £m	1994 £m
Distribution	306.1	292.0	116.8	101.1	399.9	383.6
Supply	1,049.7	1,090.9	16.5	14.5	22.2	(50.3)
Other activities	117.8	115.6	5.3	4.4	80.1	69.1
Unallocated	-	-	-	-	(28.0)	(35.7)
Inter-activity sales	(278.0)	(280.4)	-	-	-	-
	1,195.6	1,218.1	138.6	120.0	474.2	366.7
NGH dividends and investment	-	-	14.7	13.6	56.9	56.9
Net interest and net cash	-	-	1.5	(1.9)	29.6	121.3
Government debt premium	-	-	(12.8)	-	-	-
	1,195.6	1,218.1	142.0	131.7	580.7	544.9

2 Net operating costs and administrative expenses

	1995 £m	1994 £m
Net operating costs - depreciation	32.4	30.7
- other	151.4	158.5
	183.8	189.2
Administrative expenses	26.9	29.2
	210.7	218.4

Certain costs previously shown under administrative expenses have been reclassified and the comparative figures have been restated accordingly.

Net operating costs and administrative expenses include:

	1995 £m	1994 £m
Operating lease rentals	4.9	5.2
Auditors' remuneration	0.1	0.1
Remuneration of auditors for non audit work	1.1	0.6

3 Income from fixed asset investments

	1995 £m	1994 £m
Dividends from The National Grid Holding plc (NGH)	14.8	13.6
Share of loss of associated undertakings	(0.1)	-
	14.7	13.6

SEABOARD plc - NOTES TO THE ACCOUNTS 31 March 1995

4 Net Interest

	1995 £m	1994 £m
Interest payable:		
On bank loans, overdrafts and other loans wholly repayable within five years	(4.6)	(1.7)
On long term loans repayable in whole or in part after five years	-	(6.7)
Interest receivable	6.1	6.5
	1.5	(1.9)

5 Government debt premium

Early repayment of Government debt

On 23 August 1994, Government debt with a book amount of £54m was repaid at a premium of £12.8m. The debt carried a fixed rate of interest of 12.365% per annum and was repayable in 2008.

6 Directors and employees

(a) Directors' share options

	Scheme	Date of grant	Held at 1.4.1994	Granted during the year	Held at 31.3.1995	Exercise price	Date from which exercisable	Expiry date
T J Ellis	Executive option	9.12.1991	27,000	-	27,000	156.0p	9.12.1994	9.12.2001
	Executive option	18.1.1993	107,000	-	107,000	235.5p	18.1.1996	18.1.2003
S Gutteridge	Executive option	18.1.1993	126,000	-	126,000	235.5p	18.1.1996	18.1.2003
M J Pavia								
A R Smith	Sharesave	18.12.1990	4,542	-	4,542	87.5p	1.3.1996	1.9.1996
	Executive option	18.1.1993	30,000	-	30,000	235.5p	18.1.1996	18.1.2003
	Executive option	21.7.1994	-	25,000	25,000	337.0p	21.7.1997	21.7.2004
J Weight	Sharesave	18.12.1990	3,514	-	3,514	87.5p	1.3.1996	1.9.1996
	Sharesave	30.9.1992	2,232	-	2,232	154.5p	1.12.1997	1.6.1998
	Executive option	18.1.1993	50,000	-	50,000	235.5p	18.1.1996	18.1.2003

No options were either exercised or lapsed during the year. The market price of the shares at 31 March 1995 was 343p and the range during the year was 304p to 488p.

Share options to be granted to executive directors in 1996 will be subject to strict performance criteria. The exercise of these options will require that the Company's share price performance over the three year period from the date of the grant is maintained in the top third of the RECs and that electricity prices to domestic customers are consistently in the lowest third.

SEEBOARD plc - NOTES TO THE ACCOUNTS

31 March 1995

6 Directors and employees continued

(b) Emoluments of directors of the Company were as follows:

	1995 £000	1994 £000
Salaries	837	720
Benefits	46	75
Fees	118	112
	1,001	907
Pension contributions	139	77
	1,140	984

	Salary £000	Benefits £000	1995 Total £000	1994 Total £000
Chairman				
Sir Keith Stuart	70	-	70	70
(Paid to Associated British Ports Holdings PLC)				
Executive directors				
T J Ellis (highest paid director)	206	8	214	184
S Gutteridge	118	10	128	117
M J Pavia (appointed 1.10.1994)	75	4	79	-
A R Smith (appointed 1.1.1995)	24	2	26	-
J Weight (appointed 1.7.1993)	102	14	116	80

Salary and benefits do not include pension contributions. The Company's pension contributions on behalf of T J Ellis, highest paid director, amounted to £30,000 (1994 £26,000).

No bonuses are paid to any directors. Furthermore, non-executive directors receive neither share options nor pension entitlements. All executive directors have service contracts terminable by two years' notice.

The emoluments of the directors (excluding pension contributions) fell into the following bands:

		1995 Number	1994 Number
£1	£5,000	1	-
£10,001	£15,000	-	1
£15,001	£20,000	3	3
£20,001	£25,000	1	1
£25,001	£30,000	2	1
£35,001	£40,000	1	1
£40,001	£45,000	-	1
£45,001	£50,000	1	-
£50,001	£55,000	-	1
£55,001	£60,000	1	-
£60,001	£65,000	-	1
£65,001	£70,000	-	1
£70,001	£75,000	-	1
£75,001	£80,000	1	-
£80,001	£85,000	-	1
£85,001	£90,000	-	1
£90,001	£95,000	1	-
£95,001	£100,000	-	1
£100,001	£105,000	-	1
£105,001	£110,000	-	1
£110,001	£115,000	-	1
£115,001	£120,000	-	1
£120,001	£125,000	-	1
£125,001	£130,000	-	1
£130,001	£135,000	-	1
£135,001	£140,000	-	1
£140,001	£145,000	-	1
£145,001	£150,000	-	1
£150,001	£155,000	-	1
£155,001	£160,000	-	1
£160,001	£165,000	-	1
£165,001	£170,000	-	1
£170,001	£175,000	-	1
£175,001	£180,000	-	1
£180,001	£185,000	-	1
£185,001	£190,000	-	1
£190,001	£195,000	-	1
£195,001	£200,000	-	1
£200,001	£205,000	-	1
£205,001	£210,000	-	1
£210,001	£215,000	-	1

Pension contributions paid in respect of the early retirement of former directors amounted to £271,350. A pension of £29,300 (1994 £28,760) was paid in the year to a former Chairman. Following a judgment of the High Court on 9 December 1994 a payment of £201,370 was made to T A Boley, a former director, as compensation for the early termination of his service contract in April 1993.

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6 Directors and employees continued

(c) Employment costs

The aggregate remuneration of all employees, including the directors of the Group, comprised:

	1995	1994
	£m	£m
Wages and salaries	85.6	95.1
Social security costs	7.1	8.2
Other pension costs	12.7	4.6
	105.3	107.9
Less: charged as capital expenditure	(17.8)	(20.5)
Charged to profit and loss account	87.5	87.4

Other pension costs in 1994 included the release of a pension provision of £9.0m in respect of the equalisation of pension rights no longer required.

	1995	1994
(d) Average number of employees in the Group during the year were:	4,680	5,339

7 Taxation on profits on ordinary activities

	1995	1994
	£m	£m
UK corporation tax at 33% (1994 33%)	40.1	30.9
Tax on The National Grid Holding plc dividends	3.0	2.7
Deferred tax	(1.2)	1.4
	41.9	35.0
Adjustment to taxation in respect of prior years' profits	(3.9)	-
	38.0	35.0

8 Dividends

	Shares ranking for dividend 1995 000's	Dividends payable	
		1995 £m	1994 £m
Interim dividend paid of 4.0p (1994 3.3p) per ordinary share	241,387	9.7	8.3
Proposed final dividend of 10.5p (1994 8.45p) per ordinary share	241,585	25.4	21.5
		35.1	29.8

An employee share ownership trust, which holds 3,448,662 shares in the Company, has waived its right to all but a nominal dividend.

9 Earnings per ordinary share

Earnings per ordinary share of 41.5p (1994 37.8p) are calculated by dividing the profit for the financial year of £103.9m (1994 £96.5m) by the average issued share capital of 250,525,000 (1994 255,206,000) ordinary shares. Earnings per ordinary share, excluding the non-recurring effect of the premium of £12.8m paid in respect of the repurchase of Government debt, amounted to 46.6p based on an adjusted profit of £116.7m.

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10 Tangible fixed assets

(a) Group and Company

Cost	Network £m	Non- network land & buildings £m	Fixtures & equipment £m	Vehicles & mobile plant £m	Total £m
At 1 April 1994	623.9	77.7	67.9	22.3	791.8
Additions	50.3	6.2	8.2	0.5	65.2
Disposals	(4.3)	(2.2)	(1.0)	(2.9)	(10.4)
At 31 March 1995	669.9	81.7	75.1	19.9	846.6
Depreciation					
At 1 April 1994	227.6	16.1	41.8	12.1	297.6
Disposals	(4.3)	(1.2)	(1.0)	(2.2)	(8.7)
Charge for the year	16.5	3.2	9.4	3.3	32.4
At 31 March 1995	239.8	18.1	50.2	13.2	321.3
Net book amount					
At 31 March 1995	430.1	63.6	24.9	6.7	525.3
At 31 March 1994	396.3	61.6	26.1	10.2	494.2

All assets are owned by the Company with the exception of fixtures and equipment owned by Southern Gas Ltd at a cost of £0.1m (net book amount £0.1m).

(b) The net book amount of non-network land and buildings comprised:

	1995 £m	1994 £m
Freehold	61.4	58.3
Short leasehold	2.2	3.3
	63.6	61.6

Non-network land, included at £6.7m (1994 £7.6m), is not depreciated.

(c) Included in fixed assets at 31 March 1995 are assets in course of construction amounting to £33.8m (1994 £26.6m).

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11 Fixed asset investments

	Group		Company	
	1995 £m	1994 £m	1995 £m	1994 £m
The National Grid Holding plc	56.9	56.9	56.9	56.9
Investments in subsidiary companies	-	-	3.4	3.4
Investments in associated companies	0.2	0.3	0.3	0.3
Other fixed asset investments	0.2	0.2	0.2	0.2
	57.3	57.4	60.8	60.8

The holding in The National Grid Holding plc was acquired from The Secretary of State for Energy on 28 May 1990. The investment was revalued to £56.9m to represent the Company's share, being 7.3%, of the pro forma historical cost value of the net assets as at 31 March 1990 of The National Grid Company plc which is wholly owned by The National Grid Holding plc. A proposal for the demerger to shareholders of the Company's investment in The National Grid Holding plc is well advanced.

The Company's principal investment in an associate comprises a 37.5% interest in Medway Power Ltd (Medway), a company formed to construct, own and operate a 660 MW gas fired power station on the Isle of Grain, Kent. The power station, which is presently undergoing commissioning trials, is expected to commence generating electricity commercially in the autumn. The Company has entered into an agreement to purchase 50% of Medway's output of electricity for 15 years commencing in 1995.

A schedule of the Company's principal subsidiary and associated undertakings is given in note 24.

12 Stocks

	Group and Company	
	1995 £m	1994 £m
Raw materials and consumables	2.3	3.6
Work in progress	1.6	1.7
Finished goods and goods for resale	6.6	5.4
	10.5	10.7

13 Debtors

	Group		Company	
	1995 £m	1994 £m	1995 £m	1994 £m
Amounts falling due within one year:				
Trade debtors	174.6	145.1	166.8	137.4
Amounts owed by group undertakings	-	-	2.0	1.3
Credit sale instalments not yet due	14.5	10.0	14.5	10.0
Other debtors	7.6	16.9	7.4	16.9
Prepayments and accrued income	0.7	3.6	0.5	3.5
Dividends receivable	8.0	7.6	8.5	7.6
Deferred tax	6.3	5.1	6.3	5.1
	211.7	188.3	206.0	181.8
Amounts falling due after more than one year:				
Credit sale instalments not yet due	2.4	1.0	2.4	1.0
Advance corporation tax recoverable	6.3	5.4	6.3	5.4
	220.4	194.7	214.7	188.2

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14 Deferred tax

Total unprovided deferred tax liabilities computed at a rate of 33% (1994 33%) were as follows:

	Group and Company	
	1995	1994
	£m	£m
Capital allowances in excess of depreciation	136.0	127.5
Other timing differences	(11.1)	(14.0)
	124.9	113.5

A transfer to/(from) deferred tax of £1.2m (1994 (£1.4m)) increased the deferred tax asset in respect of short term timing differences from £5.1m at 31 March 1994 to £6.3m at 31 March 1995.

15 Current asset investments

	Group		Company	
	1995	1994	1995	1994
	£m	£m	£m	£m
Own shares purchased	8.5	6.5	8.5	6.5
Other investments	4.7	3.2	-	-
	13.2	9.7	8.5	6.5

Of the other investments £4.1m (1994 £3.0m) were listed on the London Stock Exchange.
At 31 March 1995 3,448,662 (1994 2,990,000) ordinary shares were held by an independently managed trust in connection with Company share schemes (see note 18).

16 Creditors

	Group		Company	
	1995	1994	1995	1994
	£m	£m	£m	£m
Amounts falling due within one year:				
Advance payments	26.0	43.2	25.5	41.7
Bank loans and overdrafts	6.4	-	6.4	-
Payments received on account	6.0	7.3	6.0	7.3
Trade creditors	106.1	85.8	101.7	82.0
Corporation tax	31.7	37.5	31.4	37.2
Other taxation and social security	0.5	0.6	0.5	0.2
Proposed dividend	25.4	21.5	25.4	21.5
Other creditors	26.7	16.9	18.6	10.7
Accruals and deferred income	22.3	55.5	22.3	55.5
	251.1	268.3	237.8	256.1
Amounts falling due after more than one year:				
Government debt	-	54.0	-	54.0
Advance payments	11.4	28.5	11.1	27.6
Other creditors	2.9	0.9	2.9	0.9
	14.3	83.4	14.0	82.5

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16 Creditors continued

Bank loans and overdrafts outstanding at 31 March 1995 were repayable as follows:

	Group and Company	
	1995	1994
	£m	£m
Repayable within one year	6.4	-
Repayable after five years	-	54.0
	<u>6.4</u>	<u>54.0</u>

On 23 August 1994 marketable bonds of £54m were repurchased from HM Treasury at a premium of £12.8m.

17 Provisions for liabilities and charges

	Restructuring £m	Pensions £m	Other £m	Total £m
Group and Company				
Balance at 1 April 1994	26.6	2.1	16.4	45.1
Applied during the year	(27.6)	-	(3.2)	(30.8)
Provided in the year	20.4	0.5	1.0	21.9
Balance at 31 March 1995	<u>19.4</u>	<u>2.6</u>	<u>14.2</u>	<u>36.2</u>

Included within other provisions are amounts set aside in respect of uninsured potential losses arising from storm damage of £6.5m (1994 £5.5m).

18 Called up share capital

(a) Share capital

Authorised:

	Number	£m
Ordinary shares of 50p each	400,000,000	200.0
Special rights redeemable preference share of £1	1	-

Allotted and fully paid:

At 1 April 1994	256,386,637	128.2
Issue of ordinary 50p shares arising from exercise of options	1,246,310	0.6
Issue of ordinary 50p shares to employees under a matching offer	1,001,650	0.5
Ordinary 50p shares cancelled	(13,600,000)	(6.8)
At 31 March 1995	<u>245,033,997</u>	<u>122.5</u>

The special rights redeemable preference share of £1, registered in the name of The Secretary of State for Trade and Industry, was redeemed at par on 31 March 1995.

(b) Cancellation of ordinary shares

During the course of the year 13,600,000 ordinary shares were purchased at an average price of 430p. The shares have been cancelled and in accordance with Section 170 of the Companies Act 1985 an amount of £6.8m equivalent to the nominal value of the cancelled share capital has been transferred to the capital redemption reserve, as set out in note 19.

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18 Called up share capital continued

(c) Employee share schemes

On 8 September 1994 1,001,050 ordinary shares were allotted to employees under a one for one matching offer.

At 31 March 1995 the following options over the Company's ordinary shares were outstanding:

Savings related share option scheme	Number of shares	Date options granted	Price per share	Period of exercise	
				Six months from	
	5,176,000	18 December 1990	87.5p	1 March	1996
	2,573,378	30 September 1992	154.5p	1 December	1997
	7,749,378				
Executive share option scheme				From	To
	80,000	17 January 1991	127.5p	1994	2001
	27,000	9 December 1991	156.0p	1994	2001
	2,771,000	18 January 1993	235.5p	1996	2003
	350,000	21 July 1994	337.0p	1997	2004
	3,228,000				

(d) At 31 March 1995 3,448,662 ordinary shares of the Company were held in an independently managed employee share ownership trust, formed to purchase shares in the Company on the open market, for use in satisfying the share option schemes.

(e) At 31 March 1995 Seaboard Share Scheme Trustees Ltd held 3,278,919 ordinary shares on behalf of employees in respect of the profit sharing scheme arrangements.

19 Reconciliation of movements in shareholders' funds

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Group profit and loss account £m	Shareholders' funds £m	Company profit and loss account £m
Balance at 1 April 1994	128.2	1.2	-	415.5	544.9	411.8
Retained profit for the year	-	-	-	68.8	68.8	67.9
Issue of ordinary shares	1.1	4.3	-	-	5.4	-
Cancellation of ordinary shares	-	-	-	(58.4)	(58.4)	(58.4)
Transfer to capital redemption reserve	(6.8)	-	6.8	-	-	-
Balance at 31 March 1995	122.5	5.5	6.8	425.9	560.7	421.3

The cumulative amount of goodwill written off to reserves at 31 March 1995 was £3.9m (1994 £3.9m)

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20 Pension costs

The Company's employees are entitled to join the Electricity Supply Pension Scheme which provides pension and other related benefits, based on final pensionable pay, to employees throughout the Electricity Supply Industry. The assets of the Scheme are held in a separate trustee administered fund. A full actuarial valuation of the Scheme is carried out on a triennial basis. These accounts incorporate the results of the latest valuation of the Scheme carried out as at 31 March 1992.

Pension costs charged to the profit and loss account for the year were £12.7m (1994 £4.6m as reduced by the release of a provision of £9.0m for the equalisation of pension rights no longer required). The latest full actuarial valuation of the Company's section of the Scheme was carried out by Bacon and Woodrow, consulting actuaries, as at 31 March 1992 and the results of this valuation have been used as the basis for assessing pension costs. The 'attained age' method was used for the valuation and the principal actuarial assumptions adopted were that the investment return would exceed salary increases by 2% per annum (exclusive of merit awards) and exceed future pension increases by 4% per annum.

The actuarial value of the assets of the Company's section of the Scheme as at 31 March 1992 represented 104% of the actuarial value of the accrued benefits. After allowing for benefit improvements granted as a result of the valuation and the provision made from surplus to cover contingencies and anticipated short term early retirement costs, this reduces to 100%. The accrued benefits include all benefits for pensioners and other former members as well as benefits based on service completed to date for active members, allowing for future salary rises.

The total market value of the assets of the Scheme as at 31 March 1992 was £9,492m of which £414m represented the section of the Scheme which relates to the members and beneficiaries of the Company. Contributions payable by the Company to the Scheme during the year (excluding provisions) were £12.2m (1994 £13.6m).

21 Lease obligations

The following annual obligations under operating leases for equipment and vehicles expire:

	Group and Company	
	1995	1994
	£m	£m
Within one year	0.4	0.2
In the second to fifth year inclusive	0.5	1.0
	0.9	1.2

The following annual obligations under operating leases for non-network land and buildings expire:

	Group and Company	
	1995	1994
	£m	£m
Within one year	0.1	-
In the second to fifth year inclusive	0.7	0.5
In more than five years	2.6	2.7
	3.4	3.2

SEEBOARD plc - NOTES TO THE ACCOUNTS
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Capital investment authorised by the Board of Directors but not provided for as at 31 March 1995 amounted to £51.3m (1994 £51.9m) in respect of which the Board of Directors has entered into contractual commitments of £9.5m (1994 £9.3m).

On 10 April 1992 the Company entered into an agreement to subscribe for 97.5% of the equity and subordinated loan stock of Medway Power Ltd, (Medway), a company formed to construct, own and operate a 600 MW power station on the Isle of Grain, Kent. The maximum amount of the commitment by the Company to Medway, which is dependent upon actual construction costs, is £22.9m. At the same date a power purchase agreement was entered into by the Company to purchase 50% of Medway's output for 15 years commencing in 1995.

At 31 March 1995, Medway had tangible assets of £293.0m and a project bank loan secured on those assets amounting to £284.9m. The lending banks have no right of recourse to the shareholders of Medway, including the Company, in respect of the repayment of the bank loan.

23 Notes to the cash flow statement**Reconciliation of operating profit to net cash inflow from operating activities**

	1995 £m	1994 £m
Operating profit	138.6	120.0
Non cash items		
Depreciation	32.4	30.7
Profit on sale of fixed assets	(1.6)	(0.4)
Decrease in provisions	(6.6)	(4.2)
	24.2	26.1
Movement in working capital		
Decrease in stocks	0.2	0.7
(Increase)/decrease in debtors	(23.4)	13.0
Increase/(decrease) in creditors		
(Decrease)/increase in advance payments	(34.3)	71.7
(Decrease)/increase in Supply regulatory over recovery	(33.8)	33.8
Improved power purchase credit terms	-	23.0
Increase/(decrease) in other creditors	34.9	(2.5)
	(56.4)	139.7
Net cash inflow from operating activities	106.4	285.8

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23 Notes to the cash flow statement continued

Analysis of cash and cash equivalents

	Balance		Movement in year	
	1995 £m	1994 £m	1995 £m	1994 £m
Short term deposits	35.4	157.0	(121.6)	123.0
Cash at bank and in hand	0.6	18.3	(17.7)	10.5
Bank overdraft	(6.4)	-	(6.4)	-
	29.6	175.3	(145.7)	133.5

Analysis of changes in financing during the year

	Share capital and premium		Government debt	
	1995 £m	1994 £m	1995 £m	1994 £m
Balance at 1 April 1994	129.4	63.7	54.0	80.0
One for one scrip issue	-	63.7	-	-
One for one matching offer	2.3	-	-	-
Transfer to capital redemption reserve	(6.8)	-	-	-
	124.9	127.4	54.0	80.0
Movement of funds				
Cash outflow from financing	-	-	(54.0)	(26.0)
Issue of share capital	3.1	2.0	-	-
Balance at 31 March 1995	128.0	129.4	-	54.0

24 Subsidiary and associated undertakings

The undertakings at 31 March 1995 which are incorporated and operate in England and Wales (unless otherwise stated) are as follows:

	Percentage of ordinary shares held	Activities
Principal subsidiary undertakings		
Seeboard Insurance Company Ltd (Isle of Man)	100%	Insurance
Longfield Insurance Company Ltd (Isle of Man)	100%	Insurance
SEEBOARD (Generation) Ltd	100%	Holding company
Southern Gas Ltd	75%	Gas supply
Associated undertakings		
SEEBOARD International Ltd	51%	Overseas consultancy
Medway Power Ltd	37.5%	Generation

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25 Supplementary current cost information

Group current cost profit and loss account for the year ended 31 March 1995

	1995 £m	1994 £m
Historical cost profit on ordinary activities before taxation	142.0	131.7
Current cost adjustments:		
Depreciation	(35.0)	(34.7)
Cost of sales	(0.1)	(0.2)
Monetary working capital	0.3	(1.6)
Current cost profit on ordinary activities before taxation	107.2	95.2
Taxation on profit on ordinary activities	(38.0)	(35.0)
Current cost profit on ordinary activities after taxation	69.2	60.2
Minority interests	(0.1)	(0.2)
Current cost profit for the financial year	69.1	60.0
Dividends	(35.1)	(29.8)
Current cost retained profit	34.0	30.2

Group current cost balance sheet as at 31 March 1995

	1995 £m	1994 £m
Fixed assets		
Tangible assets	961.5	939.4
Investments	229.5	229.6
	1,191.0	1,169.0
Net current assets	29.0	122.1
Creditors (amounts falling due after more than one year)	14.3	83.4
Provisions for liabilities and charges	36.2	45.1
Minority interests	0.4	0.3
Net assets	1,169.1	1,162.3
Capital and reserves		
Called up share capital	122.5	128.2
Share premium account	5.5	1.2
Capital redemption reserve	6.8	-
Current cost reserve	956.8	931.0
Profit and loss account	77.5	101.9
Shareholders' funds	1,169.1	1,162.3

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25 Supplementary current cost information continued

Current cost accounting allows for price changes specific to the business, principally through the use of indices, when reporting assets employed and profits thereon. Fixed assets and stocks are stated in the balance sheet at net current replacement cost which in turn requires adjustments to the depreciation charge and to cost of sales in the profit and loss account.

A monetary working capital adjustment is made to allow for the effects of inflation on the working capital required to support the day to day operations of the Group and a gearing adjustment reduces the effect of the above adjustments in the profit and loss account to take account of financing the business partly by net borrowings. No gearing adjustment has been made in the current year as the Group has no net borrowings.

The fixed asset investment has been included at directors' valuation.

Current cost turnover, profit and net assets by activity

Current cost turnover, profit before taxation and net assets from continuing operations attributable to the following classes of business were:

	Turnover		Profit before taxation		Net assets	
	1995 £m	1994 £m	1995 £m	1994 £m	1995 £m	1994 £m
Distribution	300.1	292.0	84.0	67.4	790.9	785.0
Supply	1,049.7	1,090.9	16.0	12.7	22.4	(50.3)
Other activities	117.8	115.6	3.8	3.4	125.1	112.9
Unallocated	-	-	-	-	(28.0)	(35.7)
Inter-activity sales	(278.0)	(280.4)	-	-	-	-
	1,195.6	1,218.1	103.8	83.5	910.4	811.9
NGH dividends and investment	-	-	14.7	13.6	229.1	229.1
Net interest and net cash	-	-	1.5	(1.9)	29.6	121.3
Government debt premium	-	-	(12.8)	-	-	-
	1,195.6	1,218.1	107.2	95.2	1,169.1	1,162.3

Reconciliation of movements in current cost reserves

	Current cost reserve £m	Profit and loss account £m	Capital and other reserves £m	Current cost net assets £m
Balance at 1 April 1994	931.0	101.9	129.4	1,162.3
Current cost retained profit for the year	-	34.0	-	34.0
Revaluation of net fixed assets	26.0	-	-	26.0
Cost of sales adjustment	0.1	-	-	0.1
Monetary working capital adjustment	(0.3)	-	-	(0.3)
Issue of ordinary shares	-	-	5.4	5.4
Cancellation of ordinary shares	-	(58.4)	-	(58.4)
Balance at 31 March 1995	956.8	77.5	134.8	1,169.1