

26-03-97

SEEBOARD plc
Report and Accounts
for the year
ended 31 December 1996



Registered Number 2366867 England.

SEEBOARD plc
Report and Accounts
for the year ended 31 December 1996

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SEEBOARD plc - BOARD OF DIRECTORS

Executive Directors

JIM ELLIS CEng, FIEE, CIMgt, FRSA (54)

Jim Ellis was appointed Chairman and Chief Executive from 10 January 1996, having previously been Chief Executive. He is also a director of Central and South West Corporation ("CSW"), CSW Investments, Sussex Chamber of Commerce Training and Enterprise and The Brighton West Pier Trust.

MICHAEL J PAVIA FCA (50)

Michael Pavia was appointed Group Finance Director on 1 October 1994. He was Group Finance Director with LASMO plc from 1988 to 1993. After leaving LASMO he was Chief Financial Officer of Bidas Corporation of Argentina. Mr Pavia is also a director and Chief Financial Officer of CSW Investments, a director of Beacon Gas Limited and a trustee of the Company pension funds.

JOHN WEIGHT BSc, CEng, FIEE (48)

John Weight was appointed Managing Director, Distribution from 1 January 1995 having joined the Board on 1 July 1993 as Managing Director, Business Group. Mr Weight is Chairman of SEEBOARD International Limited.

STEPHEN GUTTERIDGE BA (42)

Stephen Gutteridge was appointed Managing Director, Supply from 1 July 1993 having joined the Board as Commercial Director in August 1992 from Amerada Hess Limited. He is also a director of Beacon Gas Limited.

TONY SMITH LL.B (46)

Tony Smith was appointed Managing Director, Business Group from 1 January 1995 having been Director of Resources. He is also Chairman of Trustees of the Company pension funds.

Former non-executive directors

All of the then non-executive directors resigned on 10 January 1996. They were:

Sir Keith Stuart MA, FRSA, CIMgt, FCIT

Ralph Aldred FCA

Denis Patrick Cassidy

Roy Cox CBE, FCA, FCMA, FCBSI

Peter Dean CBE, LL.B

Sir Clive Thompson Bsc, FCIM, FInstD, CIMgt

John Walmsley BA, FCA

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SEEBOARD plc - REPORT OF DIRECTORS

The directors present their report and the audited accounts for the year ended 31 December 1996.

Recommended cash offer by CSW for SEEBOARD plc

On 10 January 1996, the Offer by Central and South West Corporation ("CSW") for the whole of the issued share capital of SEEBOARD plc was declared unconditional in all respects and the non-executive directors resigned their office. On 13 March 1996 a notice was issued by CSW under section 429 of the Companies Act 1985 to purchase compulsorily the remaining shares in the Company not then held by CSW. On 25 April 1996 the shares in the Company were de-listed by and from the London Stock Exchange.

Principal activities

The principal activities of the Group are the distribution and supply of electricity, electrical contracting and retailing, developments in gas supply and current and future developments in electricity generation.

Business review and future developments

Progress made during the year and outline future developments are set out on pages 3 to 13 inclusive.

Trading result

Profit on ordinary activities before taxation was £182.8m in 1996 (1995 £106.7m - nine months) and profit after tax for the year was £133.3m (1995 £55.4m - nine months).

Dividends

On 16 December 1996, the Company paid dividends totalling £275.0m to its immediate holding company, SEEBOARD Group plc.

Corporate restructuring

Following the successful acquisition of SEEBOARD plc by CSW, the structure of the UK Group of Companies was reviewed. The shares in the Company held by CSW (UK) plc were transferred to a new company, SEEBOARD Group plc, which is owned by CSW Investments.

In order to comply with changes in the Public Electricity Supply licence, agreed by CSW on its acquisition of SEEBOARD plc, the retail and contracting activities of the Company have been transferred into a new subsidiary company, SEEBOARD Trading Limited, with effect from 1 January 1997. This transfer has met the Regulator's requirement to separate the core regulated businesses of Distribution and Supply from other business activities.

Integration of SEEBOARD plc into the CSW Group continues to progress with a number of best practices and synergies developed and implemented over diverse areas of common interest.

SEEBOARD plc - REPORT OF DIRECTORS

Board of Directors

Biographical details of directors are given on page 14.

All the executive directors served throughout the year.

On 10 January 1996 Jim Ellis was elected Chairman and Chief Executive and appointed to the Board of Central and South West Corporation. Also on 10 January 1996 Sir Keith Stuart, Roy Cox CBE, Peter Dean CBE, Denis Cassidy, Ralph Aldred, Sir Clive Thompson and John Walmsley resigned as non-executive directors of the Company.

Auditor

KPMG Audit Plc is willing to continue as auditor and a resolution proposing its re-appointment and the determination of its fees will be made at the next General Meeting at which accounts are presented.

Share capital

Details of the authorised and issued share capital of SEEBOARD plc are set out in Note 18 to the accounts on page 35. On 3 September 1996 the whole of the issued share capital of the Company was transferred to SEEBOARD Group plc from CSW (UK) plc.

Directors' interests in shares

The beneficial interests of directors and their families in the share capital of the Company were disposed of to CSW (UK) plc as part of the CSW offer for the share capital of the Company. 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.

Employment policies

The Company communicates with staff about current activities and progress. Employee involvement in the business is encouraged through share ownership schemes and a Sharesave Scheme was introduced in September 1996 to provide employees with the opportunity to acquire shares in CSW.

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.

SEEBOARD plc continues to be committed to the safety of its employees and has maintained safety awareness through regular features in the staff newspaper, established a safety helpline and a video and held a safety conference for safety representatives and managers.

Donations

Donations for charitable purposes amounted to £268,730 in the year. SEEBOARD has continued to support projects with the provision of manpower and equipment. No contributions were made to political organisations by the Company or any of its subsidiaries.

Research and development

The close association between technology and innovation continues to be encouraged and the SEEBOARD sponsorship of the Innovation Centre on the University of Sussex campus highlights this commitment.

SEEBOARD plc - REPORT OF DIRECTORS

Pensions management

The assets of the Electricity Supply Pension Scheme ("ESPS"), the SEEBOARD Final Salary Pension Plan ("FSPP") and the SEEBOARD Pension Investment Plan ("PIP") are held separately from those of the Company by the trustees of the respective Scheme and Plans. Two of the SEEBOARD Group Trustees of the ESPS, one appointed and one elected, also serve as directors of Electricity Pension Trustee Limited with directors from other electricity companies. The assets of the ESPS are managed by ESN Securities Investments Limited, a member of the Hypo Foreign and Colonial Group; and those of the FSPP and the PIP are managed by Morgan Grenfell Investment Management Limited.

At all levels there is independent legal and financial advice. Staff and pensioners are kept informed about changes to the ESPS, FSPP and PIP and pension matters in general. A detailed examination of the implications of the Pensions Act 1995 is being carried out by the Company and the trustees to ensure compliance from 6 April 1997.

Policy on the payment of creditors

It is the Company's policy in respect of its suppliers to:

- settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- ensure that those suppliers are made aware of such terms; and
- abide by such terms.

Otherwise the Company's policy is to make payment within 30 days from the date of receipt of the supplier's invoice.

Corporate governance

The committee on the Financial Aspects of Corporate Governance recommends that Boards of all listed companies should comply with its Code of Best Practice.

SEEBOARD plc is not a listed company and hence is not obliged to adopt the Committee's recommendation. The following details are therefore presented as additional information.

The Board has complied with both the Code of Best Practice and the provisions of the Stock Exchange Listing Rules appropriate to its position as a wholly owned subsidiary company with no non-executive directors. However CSW, SEEBOARD's ultimate holding company, has appointed six independent outside directors to the CSW Executive Compensation Committee.

Audit Committee

Mr T V Shockley III, an executive vice president of CSW, is the Chairman of the Audit Committee of SEEBOARD Group plc which also comprises the Chairman and Chief Executive, Executive Directors and Company Secretary of SEEBOARD plc. In addition, the SEEBOARD plc Group Financial Controller and the Internal Audit Manager attend Audit Committee meetings together with external audit by invitation.

The Audit Committee held its first meeting in September 1996 and will meet bi-annually. The responsibilities of the Audit Committee include reviewing the financial statements, receiving a report on the activities of the external auditor, reviewing the nature and effectiveness of internal controls and considering the quality of corporate governance.

SEEBOARD plc - REPORT OF DIRECTORS

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Internal controls

The directors are responsible for the Company's systems of internal financial control and have reviewed the effectiveness of these systems.

Risks are identified and appraised through the annual process of preparing business plans and through internal audit's annual risk analysis and review, and these risks are closely monitored throughout the year.

Financial results and key business statistics are reported regularly throughout the year and variances from approved plans and budgets are monitored and followed up vigorously. Control procedures exist throughout the Group's operations and compliance is monitored by management and the Group's internal auditors. However the system of internal control can provide only reasonable, and not absolute assurance against material misstatement or loss.

Directors' remuneration

The Executive Compensation Committee of the Board of CSW comprises six independent outside directors and determines the remuneration of the Board of Directors of SEEBOARD plc. The Committee reviews a comparison of CSW's compensation programmes with those offered by comparable companies within the utility industry.

SEEBOARD's senior executive remuneration package comprises basic salary and benefits, participation in CSW's long term incentive plans and in the Company pension scheme. In addition, both directors and employees of the Company received a one-off allocation of shares in the National Grid Group plc ("NGG") as a result of the demerger of NGG (see note 4 to the financial statements). Details of shares allocated to directors are set out in note 6 to the financial statements.

CSW has annual and long-term incentive plans which are dependent on specific individual, subsidiary and corporate goals together with a subjective evaluation of overall job performance. In respect of the annual incentive plan, subsidiary performance reflects both earnings levels and non-financial goals and corporate performance is determined by CSW's earnings per share. Actual awards are made on a sliding scale with target awards set at 45% of salary for the Chairman and Chief Executive and 35% for other directors. The maximum award that can be earned is 1.5 times the target award. No payments have yet been made under the annual incentive programme. Share options are awarded as part of the long term incentive plan and are set out in note 6 of the financial statements.

The directors are members of the Electricity Supply Pension Scheme, details of which are given in note 20 to the financial statements. The arrangements for directors provide for a maximum pension of two-thirds of the final year's salary subject to qualifying service. Separate provision has been made for pension entitlements that exceed the Inland Revenue pension cap. Details of directors' entitlements and service contracts are given in note 6 of the financial statements.

By Order of the Board

M A Magle
Company Secretary

21 January 1997

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SEEBOARD plc - ACCOUNTS
for the year ended 31 December 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements, for each accounting reference period, 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 at any time the financial position of the Company and to enable them to ensure 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 Group and to prevent and detect fraud and other irregularities.

AUDITOR'S REPORT TO THE MEMBERS OF SEEBOARD plc

We have audited the financial statements on pages 20 to 39.

Respective responsibilities of directors and auditor

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.

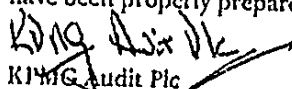
Basis of opinion

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 December 1996 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KING & Co
Chartered Accountants
Registered Auditor

London
22 January 1997

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SEEBOARD plc - GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 1996

	Note	Nine months ended 31 December 1995			
		Year ended 31 December 1996	Before exceptional items 1995	Exceptional items (Note 4) 1995	Total 1995
		£m	£m	£m	£m
Turnover	1	1,181.7	836.1	(84.5)	751.6
Cost of sales		(851.8)	(611.2)	-	(611.2)
Gross profit		329.9	224.9	(84.5)	140.4
Net operating costs and administrative expenses	2	(153.6)	(169.7)	(1.4)	(171.1)
Operating profit/(loss)		176.3	55.2	(85.9)	(30.7)
Bid defence costs		-	-	(12.0)	(12.0)
Income from fixed asset investments	3	176.3 4.5	55.2 -	(97.9) 147.6	(42.7) 147.6
Profit on ordinary activities before interest		180.8	55.2	49.7	104.9
Net interest	5	2.0	1.8	-	1.8
Profit on ordinary activities before taxation		182.8	57.0	49.7	106.7
Taxation on profit on ordinary activities	7	(49.5)	(22.0)	(29.3)	(51.3)
Profit for the financial year		133.3	35.0	20.4	55.4
Dividends - cash	8	(275.0)	-	-	-
- demerger	4	-	-	(56.9)	(56.9)
Retained (loss)/profit		(141.7)	35.0	(36.5)	(1.5)
Earnings per ordinary share					
Normal	9	53.4p			22.6p
Adjusted to exclude exceptional items	9	53.4p			14.3p

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

Recognised gains or losses

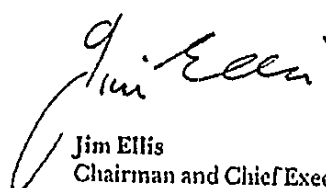
There are no recognised gains or losses (nine months ended 31 December 1995 £nil) other than the profit for the financial year.

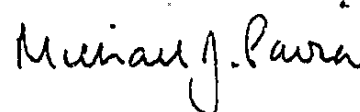
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SEEBOARD plc - BALANCE SHEETS as at 31 December 1996

	Note	Group		Company	
		1996 £m	1995 £m	1996 £m	1995 £m
Fixed assets					
Tangible assets	10	587.7	544.5	587.6	544.4
Investments	11	21.1	12.0	10.5	10.5
		608.8	556.5	598.1	554.9
Current assets					
Stocks	12	17.6	12.8	17.6	12.8
Debtors		239.8	205.7	259.1	213.9
Less: securitisation of trade debtors		(155.0)	-	(155.0)	-
Net debtors	13	84.8	205.7	104.1	213.9
Investments	15	83.7	216.6	61.2	198.0
Cash at bank and in hand		0.3	2.0	-	1.9
		186.4	437.1	182.9	426.6
Creditors (amounts falling due within one year)	16	234.3	273.8	215.8	260.0
Net current (liabilities)/assets		(47.9)	163.3	(32.9)	166.6
Total assets less current liabilities		560.9	719.8	565.2	721.5
Creditors (amounts falling due after more than one year)	16	106.9	110.5	106.9	110.4
Provisions for liabilities and charges	17	37.6	55.7	37.6	55.7
Net assets		416.4	553.6	420.7	555.4
Capital and reserves					
Called up share capital	18	125.3	122.8	125.3	122.8
Share premium account	19	7.8	5.8	7.8	5.8
Capital redemption reserve	19	6.8	6.8	6.8	6.8
Profit and loss account	19	276.5	418.2	280.8	420.0
Shareholder's funds		416.4	553.6	420.7	555.4

The accounts on pages 20 to 39 were approved by the Board of Directors on 21 January 1997 and were signed on its behalf by:


Jim Ellis
Chairman and Chief Executive


Michael J. Pavia
Group Finance Director

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SEEBOARD plc - GROUP CASH FLOW STATEMENT (and additional information)
for the year ended 31 December 1996

	Note	Year ended 31 December 1996 £m	Nine months ended 31 December 1995 £m
Summary reconciliation of operating profit to operating cash flows			
Operating profit before exceptional items		176.3	55.2
Non-cash items	23a	11.1	38.2
Normal movement in working capital	23b	(25.0)	14.5
Exceptional movement in working capital			
Securitisation of trade debtors		155.0	-
Other	23e	(84.5)	(13.4)
		232.9	94.5
Cash flow statement			
Cash flow from operating activities		232.9	94.5
Returns on investments and servicing of finance	23c	2.9	10.7
Taxation		(30.4)	(27.2)
Capital expenditure and financial investment	23d	(62.2)	(42.8)
Exceptional inflow from NGG demerger	23e	0.2	79.3
Acquisitions and disposals	23f	(4.6)	(13.1)
Cash inflow before dividends		138.8	101.4
Equity dividends paid		(275.0)	(25.4)
Cash (outflow)/inflow before use of liquid resources and financing		(136.2)	76.0
Management of liquid resources	23g	124.4	(168.0)
Financing	23h		
Issue of shares		4.5	0.6
Increase in debt		-	99.2
(Decrease)/increase in cash in the period		(7.3)	7.8
Reconciliation of net cash flow to movement in net cash/(debt)			
		Year ended 31 December 1996 £m	Nine months ended 31 December 1995 £m
Net cash at 1 January (1995 - 1 April)		110.9	34.3
Net (debt)/cash at 31 December		(20.9)	110.9
Movement in net debt in the period		(131.8)	76.6
Cash inflow from increase in debt		-	99.2
Cash inflow/(outflow) from decrease in liquid resources		124.4	(168.0)
Non-cash items - amortisation of loan fees		0.1	-
(Decrease)/increase in cash in the period		(7.3)	7.8

SEEBOARD plc - ACCOUNTING POLICIES

The accounting policies of the Company and of the Group remain unchanged from last year and have been consistently applied.

New accounting standards

Two new Financial Reporting Standards issued by the Accounting Standards Board which have a direct impact upon these accounts are FRS1 revised - Cash Flow Statements, and FRS8 - Related Party Disclosures.

FRS1 revised defines cash as cash and deposits with a maturity of not more than 24 hours. Therefore short term deposits, included in the previous FRS1 definition of cash, have been disclosed as current asset investments. Comparative figures have been restated accordingly. FRS8 requires disclosure of certain transactions with related parties and these are given in note 11.

Change of accounting reference date

On 10 January 1996 the directors approved a change of accounting reference date from 31 March to 31 December with effect from 31 December 1995, in line with the accounting reference date of Central and South West Corporation, SEEBOARD's ultimate holding company. Accordingly, comparative information for the financial period ended 31 December 1995 covers nine months.

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 period, which includes an estimate of the sales value of units supplied to customers between the date of the last meter reading and the period 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 significant projects, 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 and work in progress

Work in progress, which comprises electrical and contracting work in the course of completion, and stocks, are stated 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 Company Pension Schemes 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.

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SEEBOARD plc - NOTES TO THE ACCOUNTS

31 December 1996

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	
	Year ended	Nine months ended	Year ended	Nine months ended		
	31 December 1996	31 December 1995	31 December 1996	31 December 1995	1996	1995
	£m	£m	£m	£m	£m	£m
Distribution	273.9	198.8	143.3	55.3	464.4	403.1
Supply	1,014.2	716.9	28.8	4.4	16.3	(2.0)
Other activities	127.6	90.0	4.2	(4.5)	71.3	79.8
Unallocated	-	-	-	-	(142.2)	0.7
Inter-activity sales	(234.0)	(169.6)	-	-	-	-
	1,181.7	836.1	176.3	55.2	409.8	481.6
Bid defence costs (see note 4)	-	-	-	(12.0)	-	-
Exceptional items (see note 4)	-	(84.5)	-	61.7	6.4	(50.9)
Income from fixed asset investments	-	-	4.5	-	21.1	12.0
Net interest	-	-	2.0	1.8	-	-
Net (debt)/cash	-	-	-	-	(20.9)	110.9
	1,181.7	751.6	182.8	105.7	416.4	553.6

2 Net operating costs and administrative expenses

	Year ended	Nine months ended
	31 December 1996	31 December 1995
	£m	£m
Net operating costs - depreciation	31.5	24.2
- other	99.0	128.0
	130.5	152.2
Administrative expenses	23.1	17.5
Exceptional items (see note 4)	-	1.4
	153.6	171.1

Net operating costs and administrative expenses include:

	Year ended	Nine months ended
	31 December 1996	31 December 1995
	£m	£m
Operating lease rentals	4.3	4.3
Remuneration of auditor and its associates	0.2	0.2
- for audit work	0.4	0.2
- for non audit work		

SEEBOARD plc - NOTES TO THE ACCOUNTS 31 December 1996

3 Income from fixed asset investments

	Year ended 31 December 1996 £m	Nine months ended 31 December 1995 £m
Share of profits of associated undertakings	4.5	-
Exceptional items (see note 4)	-	147.6
	4.5	147.6

4 Exceptional items - 1995 (reported in 1995 Annual Report)

Included in the results for the nine months ended 31 December 1995 were costs and income associated with the demerger of SEEBOARD's interest in the National Grid Group plc ("NGG"). Under the terms of the demerger, SEEBOARD declared a dividend of £56.9m which was satisfied by the transfer of shares held by SEEBOARD in NGG to SEEBOARD shareholders. In addition, SEEBOARD gave each domestic customer having a point of supply as at 31 December 1995 a one off reduction in their charges for future supplies of electricity of £50 at a cost of approximately £84.5m.

Prior to demerger SEEBOARD purchased additional shares in NGG at a cost of £12.5m which entitled SEEBOARD to receive shares in PSB Holding Limited, the holding company of First Hydro Limited. Subsequently, First Hydro has been sold and SEEBOARD's profit amounted to approximately £10.3m.

Special dividends were received from NGG of £91.8m, together with the associated tax credit of £17.1m.

Shares in NGG purchased by an employee share ownership plan ("ESOP") were transferred to employees on exercise of their options. This transaction gave rise to national insurance costs of approximately £1.4m together with a cost of approximately £1.6m relating to the purchase and transfer of NGG shares.

Also charged in the period ended 31 December 1995 as exceptional items were bid defence costs of £12.0m.

The exceptional items may be summarised as follows:

	£m	£m
Customer discount		(84.5)
National insurance costs on NGG shares distributed to employees		(1.4)
Bid defence costs		(12.0)
Dividends from NGG (including associated tax credit of £17.1m)	108.9	
Profit on disposal of First Hydro Limited	40.3	
Net cost of shares in NGG purchased by ESOP	(1.6)	147.6
UK corporation tax	(8.6)	
Capital gains tax	(48.6)	
Deferred tax relief	27.9	(29.3)
Specie dividend		(56.9)
		(36.5)

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SEEBOARD plc - NOTES TO THE ACCOUNTS 31 December 1996

5 Net interest

	Year ended 31 December 1996 £m	Nine months ended 31 December 1995 £m
Interest payable:		
On bank loans, overdrafts and other loans wholly repayable within five years	(0.9)	(2.1)
On long term loans repayable in whole or in part after five years	(8.6)	(2.2)
Interest receivable	11.5	6.1
	2.0	1.8

6 Directors and employees

(a) Directors' share options

	Scheme	Date of grant	Held at 1.1.1996	Exercised during the period	Granted during the period	Held at 31.12.1996	Exercise price	Date from which normally 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
	Executive option	9.6.1995	97,500	97,500	-	-	401.0p	9.6.1998	9.6.2005
	CSW option	17.1.1996	-	-	16,400	16,400	\$27.25	17.1.1999	17.1.2006
S Gutteridge	Executive option	18.1.1993	126,000	126,000	-	-	235.5p	18.1.1996	18.1.2003
	Executive option	9.6.1995	42,500	42,500	-	-	401.0p	9.6.1998	9.6.2005
	CSW option	17.1.1996	-	-	4,800	4,800	\$27.25	17.1.1999	17.1.2006
M J Pavia	Executive option	9.6.1995	147,500	147,500	-	-	401.0p	9.6.1998	9.6.2005
	CSW option	17.1.1996	-	-	4,800	4,800	\$27.25	17.1.1999	17.1.2006
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
	Executive option	9.6.1995	50,000	50,000	-	-	401.0p	9.6.1998	9.6.2005
	CSW option	17.1.1996	-	-	4,800	4,800	\$27.25	17.1.1999	17.1.2006
J Weight	Sharesave	18.12.1990	3,514	3,514	-	-	87.5p	1.3.1996	1.9.1996
	Sharesave*	30.9.1992	2,232	1,292	-	-	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
	Executive option	9.6.1995	30,000	30,000	-	-	401.0p	9.6.1998	9.6.2005
	CSW option	17.1.1996	-	-	4,800	4,800	\$27.25	17.1.1999	17.1.2006

* 940 share options allocated to J Weight as part of a sharesave scheme lapsed during the year

An agreed cash offer of 535.4p per share for the entire share capital of SEEBOARD plc was declared unconditional and as a result, all share options were exercised by 1 March 1996. Options granted on 9 June 1995 were, prior to the offer, subject to three year performance criteria. These criteria had been met in full up to the date on which options were exercised.

On 17 January 1996, options to purchase CSW shares were granted to senior executives. Options are exercisable from 17 January 1999 and expire on 17 January 2006. The mid market price of those CSW shares on 31 December 1996 was \$25.625.

During the year the directors were awarded, by CSW, the right to receive shares in CSW. This right is contingent upon CSW achieving a specified level of total shareholder return relative to a peer group of US utility companies for a three year period. The maximum number of CSW shares that can be awarded is 8,652 for T J Ellis and 3,259 for S Gutteridge, M J Pavia, A R Smith and J Weight, and the minimum number is nil.

SEEBOARD plc - NOTES TO THE ACCOUNTS
31 December 1996

6 Directors and employees continued

(b) Emoluments of directors of the Company.

Directors' salaries are set by a CSW Executive Compensation Committee which is made up of non-executive directors of CSW.

	Year ended 31 December 1996	Nine months ended 31 December 1995
	£000	£000
Salaries	790	619
Benefits	49	75
Fees	43	115
Pension contributions	882	809
	141	119
	1,023	928

(i) NGG shares

Following the demerger of the National Grid Group plc, SEEBOARD shareholders received NGG shares by way of a specie dividend. Employees participating in the executive share option scheme and the sharesave scheme did not receive shares in NGG. However, in order to ensure that employees, including directors, were neither advantaged nor disadvantaged in comparison to shareholders, employees were allocated NGG shares on a similar basis, such allocations, totalling £3.2m being fully taxable. Total directors' emoluments for the year ended 31 December 1996, including the value of NGG shares of £923,000, was £1,946,000. The value of NGG shares allocated to directors is set out below.

(ii) Salary and benefits

The table below represents additional information designed to set out total directors' emoluments. To aid comparison, 1995 numbers have been annualised. Salary and benefits set out below do not include pension contributions.

	Year	Emoluments from salary and benefits			Non-recurring gains included as emoluments	
		Salary £000	Benefits £000	Total £000	NGG shares £000	Total incl. NGG £000
Chairmen						
T J Ellis (appointed as Chairman 10 January 1996)	1996	231	9	240	270	510
	1995	225	45	270		
Sir Keith Stuart (resigned 10 January 1996)	1996	25	-	25	-	25
(paid to Associated British Ports Holdings PLC)	1995	90	-	90		
Executive directors						
S Gutteridge	1996	130	11	141	196	337
	1995	125	12	137		
M J Pavia	1996	162	12	174	172	346
	1995	157	12	169		
A R Smith	1996	112	6	118	128	246
	1995	102	7	109		
J Weight	1996	130	11	141	157	298
	1995	125	14	139		

SEEBOARD plc - NOTES TO THE ACCOUNTS
31 December 1996

6 Directors and employees continued

The Company's pension contributions on behalf of T J Ellis, highest paid director, amounted to £13,800 (nine months ended 31 December 1995 £20,000).

T J Ellis was appointed Chairman, in addition to his role as Chief Executive, on 10 January 1996 (when Sir Keith Stuart resigned) and his emoluments from that date amounted to £234,000, £517,800 including pension contributions and the value of NGG shares referred to above.

Non-executive directors received neither share options nor pension entitlements. All executive directors have service contracts terminable by two years' notice.

(iii) Total emoluments

The emoluments of the directors other than the Chairmen and highest paid director (excluding pension contributions but including NGG shares referred to above) fell into the following bands. The emoluments of the Chairmen and highest paid director are fully disclosed above.

		Year ended 31 December 1996	Nine months ended 31 December 1995
		Number	Number
£5,001 - £10,000	-	6	-
£10,001 - £15,000	-	-	1
£15,001 - £20,000	-	-	3
£20,001 - £25,000	-	-	1
£25,001 - £30,000	-	-	1
£30,001 - £35,000	-	-	1
£35,001 - £40,000	-	-	1
£40,001 - £45,000	-	-	2
£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	-

A pension of £31,000 (nine months ended 31 December 1995 £22,500) was paid in the period to a former Chairman.

(c) Employment costs

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

	Year ended 31 December 1996	Nine months ended 31 December 1995
	£m	£m
Wages and salaries	79.8	62.6
Social security costs	6.5	5.1
Pension costs	4.1	7.4
	90.4	75.1
Less: charged as capital expenditure	(20.7)	(11.5)
Charged to profit and loss account	69.7	63.6

Following the triennial valuation of the Electricity Supply Pension Scheme at 31 March 1995 (see note 20) the resultant surplus enabled both employees and the Company to make reduced pension contributions.

SEEBOARD plc - NOTES TO THE ACCOUNTS
31 December 1996

6 Directors and employees continued

	Year ended 31 December 1996	Nine months ended 31 December 1995
(d) Average number of employees in the Group during the period were:	4,146	4,278

7 Taxation on profit on ordinary activities

	Year ended 31 December 1996 £m	Nine months ended 31 December 1995 £m
UK corporation tax at 33% (nine months ended 31 December 1995 33%)	23.6	24.8
Deferred tax	25.9	(2.8)
	49.5	22.0
Tax in respect of exceptional items (see note 4)		
UK corporation tax	-	8.6
Capital gains tax	-	48.6
Deferred tax	-	(27.9)
	49.5	51.3

8 Dividends

	Year ended 31 December 1996 £m	Nine months ended 31 December 1995 £m
Dividends paid to SEEBOARD Group plc	275.0	-

9 Earnings per ordinary share

	Year ended 31 December 1996 000s £m	Nine months ended 31 December 1995 000s £m
Weighted average issued share capital	249,680	245,354
Profit for the financial period	133.3	55.4
Exceptional items (see note 4)	-	(20.4)
Adjusted profit for the period	133.3	35.0
Earnings per share - Normal	53.4p	22.6p
- Adjusted to exclude exceptional items	53.4p	14.3p

Adjusted earnings per share is calculated to provide an additional indication of underlying performance.

SEEBOARD plc - NOTES TO THE ACCOUNTS

31 December 1996

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 January 1996	703.7	82.6	79.5	17.9	883.7
Additions	66.2	1.7	8.2	3.4	79.5
Disposals	(2.0)	(8.2)	(0.8)	(3.3)	(14.3)
At 31 December 1996	767.9	76.1	86.9	18.0	948.9
Depreciation					
At 1 January 1996	251.1	19.3	55.8	13.0	339.2
Disposals	(2.0)	(3.8)	(0.8)	(2.9)	(9.5)
Charge for the period	18.8	1.7	8.9	2.1	31.5
At 31 December 1996	267.9	17.2	63.9	12.2	361.2
Net book amount					
At 31 December 1996	500.0	58.9	23.0	5.8	587.7
At 31 December 1995	452.6	63.3	23.7	4.9	544.5

All assets are owned by the Company with the exception of fixtures and equipment owned by Southern Gas Limited at a cost of £0.1m (1995 £0.1m) and a net book amount £0.1m (1995 £0.1m).

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

	1996 £m	1995 £m
Freehold	57.4	60.7
Short leasehold	1.5	2.6
	58.9	63.3

Non-network land, included at £6.6m (1995 £6.7m), is not depreciated.

(c) Included in fixed assets at 31 December 1996 are assets in course of construction amounting to £24.8m (1995 £22.3m).

SEEBOARD plc - NOTES TO THE ACCOUNTS
31 December 1996

11 Fixed asset investments

Group	Associated undertakings				Total Group
	SEEBOARD International	Beacon Gas	Medway Power	Other undertakings	
	£m	£m	£m	£m	£m
At 1 January 1996	0.1	-	11.7	0.2	12.0
Additions	-	3.0	1.6	-	4.6
Share of retained profits/(losses) from associated undertakings	0.1	(0.5)	4.9	-	4.5
At 31 December 1996	0.2	2.5	18.2	0.2	21.1

Company	Subsidiary undertakings	Other undertakings	Total Company
	£m	£m	£m
At 1 January 1996 and 31 December 1996	4.9	5.6	10.5

The Company's principal investment in an associate comprises a 37.5% interest in Medway Power Limited ("Medway"), a company formed to construct, own and operate a 675 MW gas fired power station on the Isle of Grain, Kent. The Company has entered into a contract for difference linked to 50% of Medway's output of electricity for 15 years commencing in 1996. Net payments to Medway under this contract amounted to £3.4m in 1996.

At 31 October 1996, Medway had tangible assets of £314.4m and project bank loans secured on those assets amounting to £311.3m. The lending banks have no right of recourse to the shareholders of Medway, including the Company, in respect of the repayment of the bank loans.

The Company, through its subsidiary SEEBOARD Natural Gas Limited, has a 50% interest in Beacon Gas Limited, a joint venture company with Amoco set up for the supply of gas. The Company provides customer services to Beacon Gas under a contractual arrangement.

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

12 Stocks

	Group and Company	
	1996	1995
	£m	£m
Raw materials and consumables	2.6	2.0
Work in progress	7.2	3.1
Finished goods and goods for resale	7.8	7.7
	17.6	12.8

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SEEBORD plc - NOTES TO THE ACCOUNTS

31 December 1996

13 Debtors

	Group		Company	
	1996 £m	1995 £m	1996 £m	1995 £m
Amounts falling due within one year:				
Trade debtors	171.9	78.8	167.5	74.2
Less: securitisation	(155.0)	-	(155.0)	-
Net trade debtors	16.9	78.8	12.5	74.2
Amounts owed by parent undertaking	1.0	-	1.0	-
Amounts owed by group undertakings	-	-	9.0	2.6
Credit sale instalments not yet due	26.5	23.3	26.5	23.3
Amount due in respect of the sale of First Hydro	2.8	49.6	2.8	49.6
Other debtors	11.9	8.7	10.4	7.4
Prepayments and accrued income	6.1	4.4	6.1	4.3
Deferred tax (see note 14)	11.1	37.0	11.1	37.0
	76.3	201.8	79.4	198.4
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	16.2	11.6
Credit sale instalments not yet due	2.6	3.4	2.6	3.4
Advance corporation tax recoverable	5.9	0.5	5.9	0.5
	84.8	205.7	104.1	213.9

A securitisation programme has been entered into involving the sale of unbilled and billed trade debtors to a trust. Interest is charged on the securitisation at approximately 0.22% above LIBOR and is payable monthly. The Company is not obliged to support any losses suffered by the trust as a result of the securitisation, nor does it intend to do so. Furthermore, the trust has agreed in writing that it will seek recovery of sums advanced to the Company, together with funding costs, only to the extent that sufficient funds are generated from the assets to which the securitisation applies.

The amount shown under trade debtors in 1995 has been reduced by the customer discount of £84.5m that formed part of the NGG demerger (see note 4).

14 Deferred tax

Deferred tax assets and liabilities computed at a rate of 33% (nine months ended 31 December 1995 33%) were as follows:

Group and Company	1996 £m	1995 £m
Provided - asset		
At 1 January 1996 (1995 - 1 April)	(37.0)	(6.3)
Transfer from/(to) deferred tax	25.9	(30.7)
At 31 December 1996	(11.1)	(37.0)
Unprovided - liabilities		
Capital allowances in excess of depreciation	139.3	139.9
Other timing differences	(1.3)	(14.6)
Total unprovided liabilities	138.0	125.3
Total deferred tax liabilities	126.9	88.3

SEEBORD plc - NOTES TO THE ACCOUNTS
31 December 1996

15 Current asset investments

	Group		Company	
	1996	1995	1996	1995
	£m	£m	£m	£m
Own shares purchased	-	8.5	-	8.5
Short term deposits	73.1	201.9	61.2	189.5
Other investments	10.6	6.2	-	-
	83.7	216.6	61.2	198.0

Of the other investments £3.7m (1995 £3.5m) were listed on the London Stock Exchange.

16 Creditors

	Group		Company	
	1996	1995	1996	1995
	£m	£m	£m	£m
Amounts falling due within one year:				
Advance payments	4.0	14.2	3.9	13.8
Bank loans and overdrafts	5.6	-	5.6	-
Payments received on account	7.7	8.1	7.7	8.1
Trade creditors	146.5	125.8	142.5	123.3
Corporation tax	15.6	61.3	15.6	61.3
Other taxation and social security	3.3	1.5	3.3	1.5
Other creditors	28.2	38.7	13.8	27.8
Accruals and deferred income	23.4	24.2	23.4	24.2
	234.3	273.8	215.8	260.0
Amounts falling due after more than one year:				
Bonds	99.3	99.2	99.3	99.2
Advance payments	3.3	6.1	3.3	6.0
Other creditors	4.3	5.2	4.3	5.2
	106.9	110.5	106.9	110.4

Loans outstanding at 31 December 1996 were repayable as follows:

	Group and Company	
	1996	1995
	£m	£m
Repayable within one year	5.6	-
Repayable after five years		
8.5% bonds due 2005	99.3	99.2
	104.9	99.2

SEEBOARD plc - NOTES TO THE ACCOUNTS
31 December 1996

17 Provisions for liabilities and charges

	Restructuring £m	Pensions £m	Other £m	Total £m
Group and Company				
Balance at 1 January 1996	28.2	2.9	24.6	55.7
Applied during the year	(13.2)	-	(6.4)	(19.6)
Provided/(released) in the year	2.6	(2.9)	1.8	1.5
Balance at 31 December 1996	17.6	-	20.0	37.6

Included within other provisions are amounts set aside in respect of obligations related to gas contracts of £4.7m (1995 £10.6m).

18 Called up share capital

Authorised:		
	Number	£m
Ordinary shares of 50p each	400,000,000	200.0
Allotted and fully paid:		
At 1 January 1996	245,519,137	122.8
Issue of ordinary 50p shares arising from exercise of options	4,974,566	2.5
At 31 December 1996	250,493,703	125.3

An agreed cash offer of 535.4p per share for the entire share capital of SEEBOARD plc was declared unconditional and as a result, all options were exercised by 1 March 1996.

19 Reconciliation of movements in shareholder's funds

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Group profit and loss account £m	Group share- holder's funds £m	Company profit and loss account £m
Balance at 1 January 1996	122.8	5.8	6.8	418.2	553.6	420.0
Retained loss for the period	-	-	-	(141.7)	(141.7)	(139.2)
Issue of ordinary shares	2.5	2.0	-	-	4.5	-
Balance at 31 December 1996	125.3	7.8	6.8	276.5	416.4	280.8

The cumulative amount of goodwill written off to reserves at 31 December 1996 was £10.1m (1995 £10.1m).

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SEEBOARD plc - NOTES TO THE ACCOUNTS

31 December 1996

20 Pension costs

The Electricity Supply Pension Scheme ("ESPS"), which operates throughout the Electricity Supply Industry, provides pension and other related benefits based on final pensionable pay to the majority of SEEBOARD employees. 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 valuation of the Scheme carried out as at 31 March 1995.

This Scheme has not been offered to new employees joining the Company on or after 1 July 1995. As from that date two new pension plans were made available to new permanent employees: the SEEBOARD Final Salary Pension Plan and the SEEBOARD Pension Investment Plan. The first of these schemes is a final salary pension scheme and the second is a money purchase scheme. Assets for both schemes are held in separate trustee administered funds.

Pension costs arising from all of the Company's pension schemes, charged to the profit and loss account for the year amounted to £4.1m (nine months ended 31 December 1995 £7.4m). The latest full actuarial valuation of the Company's section of the ESPS was carried out by Bacon and Woodrow, consulting actuaries, as at 31 March 1995. The results of this valuation have been used as the basis for assessing pension costs. The 'projected unit' method was used for the valuation and the principal actuarial assumptions adopted were that the investment return would exceed salary increases by 2.5% per annum and exceed future pension increases by 4% per annum.

The actuarial value of the assets of the Company's section of the ESPS as at 31 March 1995 represented 109% of the actuarial value of the accrued benefits. After allowing for the agreed utilisation of valuation surpluses, this will reduce 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 1995 was £12,483m of which £539m 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) totalled £4.0m (nine months ended 31 December 1995 £7.0m).

21 Lease obligations

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

	Group and Company	
	1996	1995
	£m	£m
Within one year	-	0.3
In the second to fifth year inclusive	0.3	0.3
	0.3	0.6

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

	Group and Company	
	1996	1995
	£m	£m
Within one year	0.1	0.2
In the second to fifth year inclusive	0.4	0.5
In more than five years	3.0	2.8
	3.5	3.5

SEEBOARD plc - NOTES TO THE ACCOUNTS
31 December 1996

22 Capital and other commitments

Capital investment authorised by the Board of Directors but not provided for as at 31 December 1996 amounted to £32.6m (1995 £38.0m) in respect of which the Board of Directors has entered into contractual commitments of £6.3m (1995 £7.7m).

23 Notes to the cash flow statement

	Year ended 31 December 1996 £m	Nine months ended 31 December 1995 £m
(a) Non cash items		
Depreciation	31.5	24.2
Profit on sale of fixed assets	(2.3)	(0.4)
(Decrease)/increase in provisions	(18.1)	14.4
	11.1	38.2
(b) Normal movement in working capital		
(Increase) in stocks	(4.8)	(2.3)
(Increase) in debtors	(14.7)	(0.5)
(Decrease)/increase in creditors		
(Decrease) in advance payments	(13.0)	(17.1)
Increase in other creditors	7.5	34.4
	(25.0)	14.5

Analysis of cash flows for headings netted in the cash flow statement

	Year ended 31 December 1996 £m	Nine months ended 31 December 1995 £m
(c) Returns on investments and servicing of finance		
Interest received	12.3	4.9
Interest paid	(9.4)	(2.2)
Dividends received	-	8.0
Net cash inflow from returns on investments and servicing of finance	2.9	10.7
(d) Capital expenditure and financial investment		
Purchase of tangible fixed assets	(74.8)	(43.8)
Repayment of loan to Employee Share Ownership Trust	8.5	-
Receipts from sales of tangible fixed assets	4.1	1.0
Net cash outflow from capital expenditure and financial investment	(62.2)	(42.8)

SEEBOARD plc - NOTES TO THE ACCOUNTS
31 December 1996

23 Notes to the cash flow statement continued

	Year ended 31 December 1996 £m	Nine months ended 31 December 1995 £m		
(e) Exceptional items				
Exceptional operating (loss)	-	(85.9)		
Bid defence costs	-	(12.0)		
(Increase)/decrease in debtors attributable to NGG demerger	(84.5)	84.5		
Exceptional movement in working capital	(84.5)	(13.4)		
Dividends received	-	91.8		
Taxation	(46.6)	-		
Sale of fixed asset investments - First Hydro	46.8	-		
Purchase of rights shares in NGG	-	(12.5)		
Other exceptional inflow from NGG demerger	0.2	79.3		
(f) Acquisitions and disposals				
Purchase of investment in subsidiary undertakings	-	(1.5)		
Purchase of investment in associated undertakings	(4.6)	(11.6)		
Net cash outflow from acquisitions and disposals	(4.6)	(13.1)		
(g) Management of liquid resources				
Management of liquid resources indicates movements of cash either withdrawn from or added to deposits for periods longer than 24 hours.				
(h) Financing				
Equity				
Issue of ordinary share capital	4.5	0.6		
Debt repayable after more than one year - 8.5% bonds repayable 2005	-	99.2		
Net cash inflow from financing	4.5	99.8		
(i) Analysis of net cash/(debt)				
	Balance 1 January 1996 £m	Cash flow £m	Non-cash changes £m	Balance 31 December 1996 £m
Cash in hand and at bank	2.0	(1.7)	-	0.3
Bank overdraft	-	(5.6)	-	(5.6)
Debt due after more than one year	(99.2)	-	(0.1)	(99.3)
Current asset investments				
Liquid investments	208.1	(124.4)	-	83.7
Net cash/(debt)	110.9	(131.7)	(0.1)	(20.9)

SEEBOARD plc - NOTES TO THE ACCOUNTS
31 December 1996

24 Subsidiary and associated undertakings

The principal undertakings at 31 December 1996 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 Limited (Isle of Man)	100%	Insurance
Longfield Insurance Company Limited (Isle of Man)	100%	Insurance
SEEBOARD (Generation) Limited	100%	Holding company
SEEBOARD Natural Gas Limited	100%	Holding company
Southern Gas Limited	100%	Gas supply
Associated undertakings		
SEEBOARD International Limited	51%	Overseas consultancy
Medway Power Limited	37.5%	Generation
Beacon Gas Limited	50%	Gas Supply

25 Ultimate holding company

The UK holding company for which Group accounts have been prepared is CSW Investments, registered in England and Wales. The ultimate UK holding company is CSW UK Finance Company, incorporated on 17 December 1996, registered in England and Wales. The ultimate holding company is Central and South West Corporation, registered in Delaware, USA. Financial statements may be obtained from Central and South West Corporation, 1616 Woodall Rodgers Freeway, Dallas, Texas, 75266-0164.

26 Regulatory accounts

SEEBOARD plc is required to produce Regulatory Accounts each year in accordance with the conditions of its PES Licence. These accounts, which cover a twelve month period ended 31 March of each year, are available free of charge from the Company Secretary at the Registered Office or by telephoning (01293) 657295.

SEEBOARD plc - FINANCIAL SUMMARY
31 December 1996

		Year ended 31 March			Nine months ended 31 December 1995	Year ended 31 December 1996
	Note	1993 £m	1994 £m	1995 £m	£m	£m
Turnover	1	1,225.8	1,218.1	1,195.6	751.6	1,181.7
Operating profit						
Distribution		91.9	101.1	116.8	55.3	143.3
Supply		13.3	14.5	16.5	4.4	28.8
Other		1.5	4.4	5.3	(4.5)	4.2
Operating profit		106.7	120.0	138.6	55.2	176.3
Exceptional items		-	-	(12.8)	49.7	-
Income from fixed asset investments		12.1	13.6	14.7	-	4.5
Net interest		(6.1)	(1.9)	1.5	1.8	2.0
Profit on ordinary activities before taxation		112.7	131.7	142.0	106.7	182.8
Taxation on profit on ordinary activities	2	(33.5)	(35.0)	(38.0)	(51.3)	(49.5)
Profit on ordinary activities after taxation		79.2	96.7	104.0	55.4	133.3
Minority interests		(0.2)	(0.2)	(0.1)	-	-
Earnings attributable to shareholders		79.0	96.5	103.9	55.4	133.3
Average number of shares	3	254.8m	255.2m	250.5m	245.4m	249.7m
Earnings per ordinary share - normal	3	31.0p	37.8p	41.5p	22.6p	53.4p
- adjusted	4			46.6p	14.3p	
Average number of employees		6,039	5,339	4,680	4,278	4,146
Turnover per employee (annualised)		£203,000	£228,000	£255,000	£234,000	£285,000
Customers per employee		323	368	422	469	483
Employment of capital						
Tangible fixed assets		446.9	494.2	525.3	544.5	587.7
Net (debt)/cash	5	(32.3)	124.5	34.3	110.9	(20.9)
Other assets less liabilities		61.6	(73.8)	1.1	(101.8)	(150.4)
Net assets		476.2	544.9	560.7	553.6	416.4
Capital investment		73.5	78.4	65.2	44.0	79.5
Depreciation		30.7	30.7	32.4	24.2	31.5
Earnings before interest, depreciation and taxation		149.5	164.3	185.7	129.1	212.3
Interest cover - SEEBOARD plc	6	10.5x	15.9x	33.3x	24.4x	19.0x
- CSW Investments (Group)	6	-	-	-	-	2.5x
Gearing - SEEBOARD plc	7	6.8%	-	-	-	5.0%
- CSW Investments (Group)	7	-	-	-	-	103.8%

- Notes:
1. Turnover in respect of the nine months ended 31 December 1995 has been reduced by a non-recurring customer discount of £84.5m reported as an exceptional item.
 2. Taxation in respect of the nine months ended 31 December 1995 includes a charge of £29.3m for exceptional items.
 3. Restated for one for one scrip issue in January 1994.
 4. Adjusted to exclude NGG demerger, bid defence costs and Government debt premium.
 5. Prior years restated following the implementation of FRS1 revised.
 6. Interest cover is calculated as profit before interest divided by interest payable. CSW Investments is a UK parent of SEEBOARD plc through which debt arising on the acquisition of SEEBOARD plc has been raised.
 7. Gearing is calculated as net debt divided by net assets.