2366867

SEEBOARD plc
Report and Accounts
for the year ended 31 December 1998

Contents

KLO *KFY7REW5* 549
COMPANIES HOUSE 24/03/99

DIRECTORS

Jim Ellis CBE, CEng, FIEE, CIMgt, FRSA, Chairman and Chief Executive (56)

Jim Ellis was appointed Chairman and Chief Executive from 10 January 1996, having previously been Chief Executive. He is also Chairman of SEEBOARD Group plc and a director of Central and South West Corporation ("CSW"), CSW UK Holdings, CSW UK Finance Company, CSW Investments, British-Borneo Oil & Gas plc, Sussex Chamber of Commerce Training and Enterprise and The Brighton West Pier Trust.

John Weight BSc, CEng, FIEE (50)

John Weight was appointed Group Managing Director and Chief Operating Officer with effect from 1 January 1998 having previously been Managing Director, Distribution from 1 January 1995 and Managing Director, Business Group from 1 July 1993 when he was appointed to the Board. Mr Weight is Chairman of SEEBOARD Powerlink Limited and Beacon Gas Limited and a director of SEEBOARD Group plc.

Michael J Pavia FCA (52)

Michael Pavia was appointed Group Finance Director on 1 October 1994. He was Group Finance Director of LASMO plc from 1988 to 1993, joining in 1980 as Chief Accountant and then serving as Controller and subsequently Treasurer. Before joining LASMO he served nine years with Price Waterhouse in London. Mr Pavia is also a director and Chief Financial Officer of CSW Investments, a director of SEEBOARD Powerlink Limited, Beacon Gas Limited, SEEBOARD Group plc, CSW UK Finance Company and CSW UK Holdings and a trustee of the Company pension funds.

OFFICERS

Anthony J K Goodwin CEng, MA, BA, FIEE (53)
Tony Goodwin was appointed Distribution Director on 1 January 1998. He was previously General Manager, Engineering of the Distribution business for 4 years.

Peter S Hofman BA (42)
Peter Hofman was appointed Energy Supply Director on 1 January 1998. He was General Manager, Commerce and Finance of the Distribution business from 23 November 1995 to 31 December 1997 having previously been Strategy and Finance Manager, Business Group. Mr Hofman is also on the Board of the Sussex Innovation Centre Management Limited.

Peter J Privett I.Eng, MIEIE, MIMgt (51)
Peter Privett was appointed Customer Services Director on 1 June 1996. He was Operations Manager, Supply from 3 April 1995 to 31 May 1996 having previously been Operations Manager, Customer Services. He joined SEEBOARD in 1965.

Michael A Nagle BA (46)
Mike Nagle joined SEEBOARD plc from private practice in 1988. He was appointed Company Solicitor in 1992 and Company Secretary and Solicitor in 1993.

Humphrey A E Cadoux-Hudson BSc, BEng, ACA (38)
Humphrey Cadoux-Hudson was appointed Group Financial Controller on 1 January 1997. He joined SEEBOARD plc in 1991 as Finance Manager and then Group Chief Accountant having previously worked at KPMG for six years. Mr Cadoux-Hudson is also a director of Medway Power Limited and CSWI Europe Limited.

The directors of SEEBOARD plc are pleased to present their report and the audited accounts for the year ended 31 December 1998.

Principal group activities

The principal activities of the Company and its subsidiary undertakings ("the Group") are the distribution and supply of electricity to domestic, commercial and industrial customers, gas supply and electrical contracting. Details of the principal subsidiary and joint venture undertakings are given in note 24 to the accounts on page 24.

On 30 June 1998, SEEBOARD plc sold its Retail business to Dixons Stores Group Plc for £18.0m. Separately, the Retail business credit book was sold for £8.3m with effect from 2 October 1998. These disposals gave rise to an exceptional profit before tax of £5.7m (£5.4m after tax) after charging the costs of disposal.

Results and dividends

The profit on ordinary activities before taxation was £153.0m (1997 £171.3m). The reduction in profits principally reflects the recovery in 1997 of regulatory allowed income undercharged in previous years of £25.5m. In 1998, only £8.1m was recovered. Profit for the financial year was £128.3m (1997 £21.3m after an exceptional charge of £109.5m for the Windfall Profits Tax).

During the year, the Company paid dividends of £65.0m (1997 £72.3m) to its immediate holding company, SEEBOARD Group plc.

Ultimate holding company

As set out in note 25 on page 24, at 31 December 1998, the ultimate UK holding company was CSW UK Finance Company. On 5 January 1999 CSW UK Holdings acquired a 90% interest in CSW UK Finance Company in exchange for the issue of shares to CSW International II and as a result became the ultimate UK holding company. The ultimate holding company is CSW. On 22 December 1997 it was announced that American Electric Power Company Inc. of Columbus, Ohio had made an agreed share for share offer to acquire the whole of the share capital in CSW subject to, inter alia, regulatory and shareholder approval.

Share capital

Details of the authorised and issued share capital of the Company are set out in note 18 to the accounts on page 20.

Board of directors

Biographical details of directors serving at the year end are given on page 2. All these directors served throughout the year.

Tony Smith resigned as a director on 15 January 1998.

Directors' interests in shares

The directors and their families have no beneficial interests in either the share capital of the Company or any company within the CSW Group of UK companies. The directors are not aware of any contract of significance, other than service contracts with the Company, in relation to the Company or its subsidiaries, in which any director has, or has had, a material interest.

Employee involvement

The Company communicates with staff about current activities and progress. This is carried out in a number of ways, including formal and informal briefings, departmental meetings and regular reports in a staff newspaper and newsletters on current activities and progress.

The majority of employees participate in a profit related pay scheme and a number also participate in a Sharesave Scheme, whereby employees are given the opportunity to acquire shares in the ultimate parent company, CSW. Many employees also receive an element of performance-related pay linked to personal targets. All schemes are designed to encourage identification with the aims of the Group as a whole.

Equal opportunities

The Company provides disabled people with equal opportunities for employment, training and development, having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled during employment, where possible, assistance and re-training is given so that they may attain positions compatible with their ability.

Donations

The Group made charitable donations of £331,350 during the year (1997 £388,683). There were no contributions to political organisations, however, during the year £12,460 (1997 £10,990) was expended holding receptions at party conferences.

Payments to suppliers

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

- agree the terms of payment with suppliers when confirming the terms of each transaction;
- ensure that suppliers are made aware of such terms;
- 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.

Statutory Instrument 1997/571 requires that qualifying companies disclose the number of days that supplier invoices remained outstanding based on the year end trade creditor balance divided by the average daily invoices received by the company. In accordance with the method of calculation prescribed, the creditor days for the year ended 31 December 1998 totalled 42 (1997 40 days). However, in winter periods, electricity consumption increases leading to higher creditor balances. Creditor days for the quarter ended 31 December 1998 totalled 38 (1997 37 days).

Year 2000 compliance

The Group has undertaken a comprehensive review of all items that may be affected by the millennium date change and has prioritised the testing and resolution of those items that may impact health and safety, power distribution and customer communication systems. This process recognises that the operation of our business goes beyond our own systems and is reliant upon those operated by our suppliers and customers. There is, therefore, an exposure to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues. However, SEEBOARD has taken a proactive stance in communicating its plans with customer groups and with the industry regulator.

The Group has established a dedicated project team drawing on both internal staff and externally recruited IT contractors and has incurred expenditure of £1.9m in 1998 and anticipates incurring some £6.0m in 1999.

Auditor

KPMG Audit Plc has expressed willingness to continue as auditor and a resolution proposing the firm's re-appointment and the determination of fees will be submitted at the next General Meeting at which accounts are presented.

By order of the Board

M A Nagle
Company Secretary

18 January 1999

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 which 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF SEEBOARD PLC

We have audited the financial statements on pages 6 to 24.

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 1998 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
KPMG Audit Plc
Chartered Accountants
Registered Auditor

London
18 January 1999

SEEBOARD plc - GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1998

	Note	*Continuing operations 1998 £m*	*Discontinued operations 1998 £m (see note 3)*	Total 1998 £m	*Continuing operations 1997 £m*	*Discontinued operations 1997 £m*	Total 1997 £m
Turnover	*1*	*1,036.0*	*31.4*	**1,067.4**	*1,069.5*	*69.9*	1,139.4
Cost of sales		*(704.7)*	*(22.1)*	**(726.8)**	*(741.3)*	*(45.7)*	(787.0)
Gross profit		*331.3*	*9.3*	**340.6**	*328.2*	*24.2*	352.4
Net operating costs and administrative expenses	*2*	*(171.3)*	*(10.8)*	**(182.1)**	*(147.3)*	*(21.7)*	(169.0)
Operating profit/(loss)		*160.0*	*(1.5)*	**158.5**	*180.9*	*2.5*	183.4
Exceptional profit on sale of Retail	*3*	-	*5.7*	**5.7**	-	-	-
Income from other fixed asset investments	*4*	*0.7*	-	**0.7**	*1.4*	-	1.4
Profit on ordinary activities before interest		*160.7*	*4.2*	**164.9**	*182.3*	*2.5*	184.8
Net interest payable	*5*			**(11.9)**			(13.5)
Profit on ordinary activities before taxation				**153.0**			171.3
Tax on profit on ordinary activities	*7*			**(24.6)**			(40.5)
Profit on ordinary activities after taxation				**128.4**			130.8
Exceptional tax - Windfall Profits Tax	*8*			-			(109.5)
Minority interests				**(0.1)**			-
Profit for the financial year				**128.3**			21.3
Dividends				**(65.0)**			(72.3)
Retained profit/(loss)	*19*			**63.3**			(51.0)
Earnings per ordinary share							
Unadjusted	*9*			**51.2p**			8.5p
Adjusted to exclude exceptional items	*9*			**49.1p**			52.2p

Recognised gains or losses

There were no recognised gains or losses (1997 £nil) other than the profit for the financial year.

SEEBOARD plc - BALANCE SHEETS
as at 31 December 1998

	Note	Group 1998 £m	Group 1997 £m	Company 1998 £m	Company 1997 £m
Fixed assets					
Tangible assets	*10*	**638.3**	606.7	**635.9**	597.8
Investments	*11*	**0.6**	0.6	**16.0**	16.0
		638.9	607.3	**651.9**	613.8
Current assets					
Stocks	*12*	**5.3**	21.5	**2.2**	9.8
Debtors falling due within one year		**203.4**	237.5	**211.7**	239.7
Less: securitisation of trade debtors		**(106.3)**	(155.0)	**(106.3)**	(155.0)
Net debtors falling due within one year	*13*	**97.1**	82.5	**105.4**	84.7
Debtors falling due after more than one year	*13*	**60.8**	46.7	**60.8**	43.9
Investments	*15*	**42.0**	38.3	**18.5**	14.6
Cash at bank and in hand		**6.5**	0.4	**-**	-
		211.7	189.4	**186.9**	153.0
Creditors (amounts falling due within one year)	*16*	**286.1**	290.5	**276.8**	257.2
Net current liabilities		**(74.4)**	(101.1)	**(89.9)**	(104.2)
Total assets less current liabilities		**564.5**	506.2	**562.0**	509.6
Creditors (amounts falling due after more than one year)	*16*	**102.6**	104.4	**102.6**	104.4
Provisions for liabilities and charges	*17*	**27.8**	31.3	**27.3**	30.4
Minority interests		**0.3**	-	**-**	-
Net assets		**433.8**	370.5	**432.1**	374.8
Capital and reserves					
Called up share capital	*18*	**125.3**	125.3	**125.3**	125.3
Share premium account	*19*	**7.8**	7.8	**7.8**	7.8
Capital redemption reserve	*19*	**6.8**	6.8	**6.8**	6.8
Profit and loss account	*19*	**293.9**	230.6	**292.2**	234.9
Shareholder's funds		**433.8**	370.5	**432.1**	374.8

The accounts on pages 6 to 24 were approved by the Board of Directors on 18 January 1999 and were signed on its behalf by:

Jim Ellis

Jim Ellis
Chairman and Chief Executive

Michael J. Pavia

Michael J Pavia
Group Finance Director

SEEBOARD plc - GROUP CASH FLOW STATEMENT *(and additional information)*
for the year ended 31 December 1998

	Note	1998 £m	1997 £m
Summary reconciliation of operating profit to operating cash flows			
Operating profit		158.5	183.4
Non-cash items	23a	25.0	23.9
Normal movement in working capital	23b	53.0	(47.7)
Securitisation of trade debtors		(30.0)	-
Cash flow from operating activities		206.5	159.6
Cash flow statement			
Cash flow from operating activities		206.5	159.6
Returns on investments and servicing of finance	23c	(12.0)	(11.2)
Taxation			
Corporation tax		(5.8)	0.2
Payment for group relief		(22.3)	(21.7)
Windfall Profits Tax		(54.7)	(54.8)
Total taxation		(82.8)	(76.3)
Capital expenditure and financial investment	23d	(65.1)	(50.6)
Exceptional item - disposal of businesses	23e	25.4	2.8
Acquisitions and disposals	23f	-	(0.2)
Cash inflow before dividends		72.0	24.1
Equity dividends paid		(65.0)	(72.3)
Cash inflow/(outflow) before use of liquid resources and financing		7.0	(48.2)
Management of liquid resources	23g	(3.7)	45.4
Financing			
Issue of shares - subsidiary		0.2	-
Increase/(decrease) in cash in the year		3.5	(2.8)

Reconciliation of net cash flow to movement in net (debt)/cash

	Note	1998 £m	1997 £m
Net debt at 1 January		(69.2)	(20.9)
Net debt at 31 December	23h	(62.1)	(69.2)
Movement in net debt in the year		7.1	(48.3)
Cash (outflow)/inflow from (increase)/decrease in liquid resources		(3.7)	45.4
Non-cash items - amortisation of loan fees		0.1	0.1
Increase/(decrease) in cash in the year		3.5	(2.8)

New accounting standards

Except for the effect of accounting for Project 1998 costs referred to below, the accounting policies of the Company and of the Group remain unchanged from last year and have been consistently applied. The Financial Reporting Standards issued by the Accounting Standards Board effective at 31 December 1998, "FRS10 - Goodwill and intangible assets", "FRS11 - Impairment of Fixed Assets and Goodwill" and "FRS14 - Earnings Per Share" have no impact on the comparative amounts.

Project 1998

Amounts expended on developing computer systems to enable the opening to competition of the domestic and small business electricity market in Great Britain have been included in debtors as deferred expenditure. Previously reported as fixed assets, OFFER has currently allowed for recovery of a substantial part of this expenditure through charges which will be levied by the SEEBOARD Distribution business. The expenditure is being charged to the profit and loss account over five years commencing in October 1998, giving a net charge to profit and loss of any unrecovered amount over the five years. The reclassification from fixed assets to deferred expenditure has been treated as a change in accounting policy. The balance sheet at 31 December 1997 and the associated cash flow statement have been restated accordingly. The change has no impact on the profit and loss account for 1997 or the accumulated shareholder's funds at 31 December 1997.

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 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 associated undertaking differs significantly from that of the Group, appropriate adjustments 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.

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. From 31 March 1998 the Supply business has been subject to regulation that fixes a maximum unit price for electricity sold to domestic and small business customers and hence there is no longer a regulated allowable amount for Supply.

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 applied to reduce network plant and are therefore 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

Work in progress, which includes electrical and contracting work in the course of completion, and stocks, are stated at the lower of cost and net realisable value. Also included within work in progress are costs incurred but not recharged at the period end in respect of a contract for customer services with Beacon Gas Limited.

Long term contracts

The contract between SEEBOARD Powerlink and London Underground for the operation, maintenance and upgrade of the electricity supply network for the London Underground railway is being accounted for as a long term contract, with profits being recognised in line with progress on defined segments of the contract. The amount of expenditure on long term contracts net of amounts transferred to cost of sales and payments on account are separately included within stock. To the extent payments on account exceed turnover and long term contract balances they are included as payments on account within creditors.

Leases

Rental costs under operating leases are charged to the profit and loss account systematically 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.

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 are set out below. Exceptional items and discontinued activities are shown separately.

	Turnover		Profit before taxation		Net assets/ (liabilities)	
	1998	1997	1998	1997	1998	1997
	£m	£m	£m	£m	£m	£m
Distribution	**267.4**	268.5	**123.7**	135.2	**618.0**	533.6
Supply	**910.6**	959.7	**27.9**	41.8	**(18.0)**	22.3
Contracting	**54.3**	48.6	**2.6**	1.3	**2.7**	7.8
SEEBOARD Powerlink	**12.4**	-	**4.1**	(2.5)	**(20.7)**	(3.6)
Other activities - continuing	**12.4**	15.4	**1.7**	5.1	**30.9**	25.0
- discontinued	**31.4**	69.9	**(1.5)**	2.5	**0.6**	30.7
Unallocated	**-**	-	**-**	-	**(118.2)**	(176.7)
Inter-activity sales	**(221.1)**	(222.7)	**-**	-	**-**	-
	1,067.4	1,139.4	**158.5**	183.4	**495.3**	439.1
Exceptional items *(see note 3)*	**-**	-	**5.7**	-	**-**	-
Fixed asset investments	**-**	-	**0.7**	1.4	**0.6**	0.6
Net interest	**-**	-	**(11.9)**	(13.5)	**-**	-
Net debt *(see note 23h)*	**-**	-	**-**	-	**(62.1)**	(69.2)
	1,067.4	1,139.4	**153.0**	171.3	**433.8**	370.5

During the year the Supply business recovered £8.1m (1997 £20.6m) and the Distribution business £nil (1997 £4.9m) undercharged in previous years compared to the level of regulatory allowed revenues.

2 Net operating costs and administrative expenses

		1998	1997
		£m	£m
Net operating costs	- depreciation of fixed assets	**30.8**	31.6
	- other	**125.3**	112.2
		156.1	143.8
Administrative expenses		**26.0**	25.2
		182.1	169.0

Other operating costs in 1997 include the release of a pension creditor of £4.0m.

Net operating costs and administrative expenses include:		1998	1997
		£m	£m
Operating lease rentals		**3.4**	4.3
Remuneration of auditor and its associates	- for audit work (Group)	**0.2**	0.2
	- for non-audit work	**0.3**	0.4

The audit fee for the Company was £0.2m (1997 £0.2m).

3 Exceptional profit on sale of Retail

On 30 June 1998, SEEBOARD plc sold its Retail business to Dixons Stores Group Plc for £18.0m. Separately, the Retail business credit book was sold for £8.3m with effect from 2 October 1998. These disposals gave rise to an exceptional profit before tax of £5.7m (£5.4m after tax) after charging the costs of disposal.

4 Income from fixed asset investments

	1998 £m	1997 £m
Dividends received from the National Grid Group	**0.6**	-
Dividends received from ESN Holdings	**0.1**	1.4
	0.7	1.4

Power Asset Development Company and Meterpoint had no operating profit or interest in the period (1997 £nil).

5 Net interest payable

	1998 £m	1997 £m
Interest payable:		
On bank loans, overdrafts and other loans wholly repayable within five years	**(7.0)**	(10.8)
On long term loans repayable in whole or in part after five years	**(8.6)**	(8.6)
	(15.6)	(19.4)
Interest receivable	**3.7**	5.9
	(11.9)	(13.5)

6 Directors and employees

(a) Directors' share options

	Scheme	Date of grant	Held at 1.1.98	Lapsed during the period	Held at 31.12.98	Exercise price	Date from which normally exercisable	Expiry date
T J Ellis	CSW option	17.1.1996	16,400	-	**16,400**	$27.25	17.1.1999	17.1.2006
	CSW option	23.5.1997	32,000	-	**32,000**	$20.75	23.5.1998	23.5.2007
J Weight	CSW option	17.1.1996	4,800	-	**4,800**	$27.25	17.1.1999	17.1.2006
	CSW option	23.5.1997	14,000	-	**14,000**	$20.75	23.5.1998	23.5.2007
M J Pavia	CSW option	17.1.1996	4,800	-	**4,800**	$27.25	17.1.1999	17.1.2006
	CSW option	23.5.1997	18,000	-	**18,000**	$20.75	23.5.1998	23.5.2007
A R Smith	CSW option	17.1.1996	4,800	4,800	-	$27.25	17.1.1999	17.1.2006
	CSW option	23.5.1997	13,000	13,000	-	$20.75	23.5.1998	23.5.2007

Options granted to directors on 23 May 1997 are exercisable in one third instalments on the first, second and third anniversaries of the date of grant. The mid market price of CSW shares on 31 December 1998 was $27.4375 and during the year the shares were quoted in the range $25.25 to $30.0625.

During 1996 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 each of J Weight and M J Pavia, and the minimum number is nil.

A R Smith resigned as a director on 15 January 1998 and as a consequence, options granted to him to purchase CSW shares lapsed.

6 Directors and employees continued

(b) Emoluments of directors of the Company

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

	1998 £000	1997 £000
Salaries	**630**	833
Benefits	**42**	52
Bonuses	**121**	478
	793	1,363

(i) Salary and benefits

The table below represents additional information designed to set out total directors' emoluments. Salary and benefits set out below do not include company pension contributions.

Chairman	Year	Salary £000	Benefits £000	Bonus £000	Total £000
T J Ellis	**1998**	**247**	**10**	**43**	**300**
	1997	238	9	160	407
Executive directors					
J Weight	**1998**	**178**	**14**	**23**	**215**
(appointed Group Managing Director 1 January 1998)	1997	133	12	68	213
M J Pavia	**1998**	**173**	**18**	**31**	**222**
	1997	168	16	87	271
A R Smith (resigned 15 January 1998)	**1998**	**32**	**-**	**24**	**56**
	1997	125	7	60	192
S Gutteridge (resigned 30 September 1997)	1997	169	8	103	280

All executive directors have service contracts terminable by two years' notice. Emoluments paid to A R Smith, set out in the table above, exclude £300,320 in respect of the early termination, by mutual agreement, of his service contract, following his resignation as director. In addition he was entitled to enhanced pension benefits as set out below in note 6 (ii). No other payments were made during the year to directors for loss of office (1997 £nil).

(ii) Pension benefits

	Age	Years of pensionable service	Contributions paid by directors in the year £000	Increase in accrued annual pension in the year £000	Accumulated accrued annual pension at year end £000
T J Ellis	56	38	7	5	151
J Weight	50	27	5	23	90
M J Pavia	52	4	5	6	24
A R Smith (resigned 15 January 1998)*	48	25	1	21	79

* In respect of A R Smith, increase in accrued pension is to 31/3/98 and accumulated accrued pension is stated as at 31/3/98. The increase in accrued annual pension in the year includes £20,000 arising on termination of his service contract.

6 Directors and employees continued

(ii) Pension benefits *continued*
The arrangements for directors provide for a maximum pension of two-thirds of the final salary at normal retirement age of 60, subject to 20 years qualifying service, with a surviving spouse entitled to two-thirds of the member's pension. Early retirement is possible from age 50 on redundancy. On death in service, a lump sum of four times annual salary is payable together with a surviving spouse's pension equal to two-thirds of the pension payable to the director at normal retirement age. Pensions are based on basic salary, excluding bonuses and other benefits. Directors' pension entitlements are funded through the Electricity Supply Pension Scheme or through the Company directly.

A pension of £32,500 (1997 £32,000) 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:

	1998 £m	1997 £m
Wages and salaries	82.9	85.9
Social security costs	6.8	6.6
Pension costs	3.9	3.9
	93.6	96.4
Less: charged as capital expenditure	(20.6)	(20.3)
Charged to profit and loss account	73.0	76.1

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. Results of the valuation at 31 March 1998 are still awaited from the Scheme's actuaries.

(d) Average number of employees in the Group during the year were:	1998	1997
Distribution and Supply	2,584	2,563
Other businesses	1,407	1,595
	3,991	4,158

7 Tax on profit on ordinary activities

	1998 £m	1997 £m
UK corporation tax at 31% (1997 31.5%)	10.8	12.5
Adjustment in respect of prior years	(8.1)	-
Group relief:		
CSW Investments	16.3	15.8
CSW UK Finance Company	6.0	5.9
CSWI Europe Limited	0.5	-
Tax on exceptional item (profit on sale of Retail)	0.3	-
Deferred tax *(see note 14)*	(1.2)	6.3
	24.6	40.5

8 Exceptional tax - Windfall Profits Tax

On 2 July 1997, the Chancellor announced his intention to levy a Windfall Profits Tax on the profits of companies privatised by flotation whose privatisation involved the imposition of regulation. Legislation was introduced in the Finance (no 2) Act 1997 which received Royal Assent on 31 July 1997. The levy was based on 23% of the excess of nine times the average profits after tax for the four years following flotation, over the flotation price. For SEEBOARD plc, the charge equated to £109.5m which was paid in two equal instalments on 1 December 1997 and 1 December 1998.

9 Earnings per ordinary share

		1998	1997
		000s	000s
Weighted average issued share capital		**250,494**	250,494
		£m	£m
Profit for the financial year		**128.3**	21.3
Exceptional profit on sale of Retail, net of tax *(see note 3)*		**(5.4)**	-
Windfall Profits Tax *(see note 8)*		**-**	109.5
Adjusted profit for the year		**122.9**	130.8
Earnings per share	- Unadjusted	**51.2p**	8.5p
	- Adjusted to exclude exceptional items	**49.1p**	52.2p

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

10 Tangible fixed assets

(a) Group

Cost	Network £m	Non-network land & buildings £m	Fixtures & equipment £m	Vehicles & mobile plant £m	Total tangible assets £m
At 1 January 1998	810.4	76.6	92.7	15.4	995.1
Additions	55.7	0.9	12.8	3.8	73.2
Disposals	(0.6)	(13.2)	(18.4)	(2.5)	(34.7)
At 31 December 1998	**865.5**	**64.3**	**87.1**	**16.7**	**1,033.6**
Depreciation					
At 1 January 1998	287.0	18.7	71.8	10.9	388.4
Disposals	(0.6)	(7.4)	(13.6)	(2.3)	(23.9)
Charge for the year	21.5	0.9	6.8	1.6	30.8
At 31 December 1998	**307.9**	**12.2**	**65.0**	**10.2**	**395.3**
Net book amount					
At 31 December 1998	**557.6**	**52.1**	**22.1**	**6.5**	**638.3**
At 31 December 1997	523.4	57.9	20.9	4.5	606.7

Total tangible fixed assets have been restated at 31 December 1997 for both the Group and the Company to reflect the change in accounting policy for Project 1998 costs. These costs, which represent the costs of developing computer systems to enable the opening to competition of the domestic and small business electricity supply market, are now included in deferred expenditure within debtors *(see note 13)*.

10 Tangible fixed assets continued

(b) Company

Cost	Network £m	Non-network land & buildings £m	Fixtures & equipment £m	Vehicles & mobile plant £m	Total tangible assets £m
At 1 January 1998	810.4	73.1	75.2	11.7	970.4
Additions	55.7	0.9	12.7	3.3	72.6
Disposals	(0.6)	(13.1)	(16.2)	(1.7)	(31.6)
Transfers from group undertakings	-	3.4	12.3	0.3	16.0
At 31 December 1998	**865.5**	**64.3**	**84.0**	**13.6**	**1,027.4**
Depreciation					
At 1 January 1998	287.0	15.8	61.3	8.5	372.6
Disposals	(0.6)	(7.4)	(11.5)	(1.7)	(21.2)
Transfers from group undertakings	-	2.9	7.6	0.3	10.8
Charge for the year	21.5	0.9	5.7	1.2	29.3
At 31 December 1998	**307.9**	**12.2**	**63.1**	**8.3**	**391.5**
Net book amount					
At 31 December 1998	**557.6**	**52.1**	**20.9**	**5.3**	**635.9**
At 31 December 1997	523.4	57.3	13.9	3.2	597.8

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

	Group 1998 £m	Group 1997 £m	Company 1998 £m	Company 1997 £m
Freehold - land	**6.1**	6.6	**6.1**	6.6
- buildings	**45.7**	50.0	**45.7**	49.4
	51.8	56.6	**51.8**	56.0
Short leasehold	**0.3**	1.3	**0.3**	1.3
	52.1	57.9	**52.1**	57.3

Non-network land is not depreciated.

(d) Included in fixed assets at 31 December 1998 are assets under development amounting to £14.2m (1997 £13.7m).

(e) Interest capitalised in the year amounted to £1.5m (1997 £1.6m).

11 Fixed asset investments

Group

	Other undertakings £m	Total Group £m
At 1 January 1998 and 31 December 1998	**0.6**	**0.6**

Company

	Subsidiary undertakings £m	Other undertakings £m	Total Company £m
At 1 January 1998 and 31 December 1998	**15.4**	**0.6**	**16.0**

SEEBOARD (Generation) Limited, a fellow subsidiary of SEEBOARD Group plc, has 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. SEEBOARD Natural Gas Limited, also a fellow subsidiary, has a 50% interest in Beacon Gas Limited.

The Company has entered into a contract for differences linked to 50% of Medway's output of electricity for 15 years commencing in 1996. Net payments to Medway under this contract amounted to £7.7m in 1998 (1997 £10.4m).

The Company provides customer services to Beacon Gas under a contractual arrangement. At the year end costs incurred by SEEBOARD plc and recoverable from Beacon Gas of £8.4m were included within debtors. In 1997 costs of £7.4m were included within work in progress. In addition, the Company has made loans, including accumulated interest, to Beacon Gas of £6.5m at 31 December 1998 (1997 £2.5m) to fund working capital.

The Group has made a loan to Power Asset Development Company Limited ("PADCO") totalling £0.5m at 31 December 1998 (1997 £nil). The Group's net investment in PADCO consists of gross assets of £20.3m and gross liabilities of £20.3m. SEEBOARD Powerlink Limited has entered into a thirty year operating lease with PADCO to construct and maintain certain assets in respect of its contract with London Underground. During the year, £0.8m was charged to the profit and loss account (1997 £nil).

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

12 Stocks

	Group		Company	
	1998 £m	1997 £m	**1998 £m**	1997 £m
Raw materials and consumables	**2.5**	1.5	**1.4**	1.3
Work in progress	**2.8**	11.9	**0.8**	8.5
Finished goods and goods for resale	**-**	8.1	**-**	-
	5.3	21.5	**2.2**	9.8

Included in work in progress is an amount recoverable from Beacon Gas of £nil (1997 £7.4m) under a long term contract for the provision of customer services *(see note 11)*.

13 Debtors

	Group 1998 £m	Group 1997 £m	Company 1998 £m	Company 1997 £m
Amounts falling due within one year:				
Trade debtors	**141.1**	171.8	**122.6**	155.1
Less: securitisation	**(106.3)**	(155.0)	**(106.3)**	(155.0)
Net trade debtors	**34.8**	16.8	**16.3**	0.1
Amounts owed by parent undertakings	**9.3**	9.3	**9.3**	9.3
Amounts owed by group undertakings	-	-	**29.7**	41.0
Amounts owed by related undertakings	**11.1**	2.6	**10.6**	2.6
Credit sale instalments not yet due	**9.2**	27.0	**6.4**	5.8
Deferred expenditure *(see note 10)*	**11.3**	1.9	**11.3**	1.9
Other debtors	**8.9**	12.9	**10.9**	12.5
Prepayments and accrued income	**6.5**	6.7	**4.9**	6.2
Dividends receivable	-	0.5	-	0.5
Deferred tax *(see note 14)*	**6.0**	4.8	**6.0**	4.8
	97.1	82.5	**105.4**	84.7
Amounts falling due after more than one year:				
Amounts owed by group undertakings	**17.1**	18.7	**17.1**	18.7
Credit sale instalments not yet due	-	2.6	-	-
Deferred expenditure *(see note 10)*	**43.5**	25.2	**43.5**	25.2
Other debtors	**0.2**	0.2	**0.2**	-
	60.8	46.7	**60.8**	43.9

A securitisation programme was entered into in 1996 involving the sale of unbilled and billed trade debtors to a trust. Interest is charged on trade debtors securitised 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. At the year end, the current excess of securitisation proceeds over the current debt sold to the trust of £18.7m has been included within creditors falling due within one year.

14 Deferred tax

Deferred tax assets and liabilities computed at a rate of 30% (1997 31%) were as follows:

Group and Company	1998 £m	1997 £m
Provided - asset		
At 1 January	**(4.8)**	(11.1)
Transfer (to)/from deferred tax *(see note 7)*	**(1.2)**	6.3
At 31 December *(see note 13)*	**(6.0)**	(4.8)
Unprovided - liabilities		
Capital allowances in excess of depreciation	**157.2**	144.9
Other timing differences	**(5.3)**	(0.6)
Total unprovided liabilities	**151.9**	144.3
Total deferred tax liabilities	**145.9**	139.5

15 Current asset investments

	Group		Company	
	1998	1997	1998	1997
	£m	£m	£m	£m
Short term deposits	**27.9**	25.5	**18.5**	14.6
Other investments	**14.1**	12.8	-	-
	42.0	38.3	**18.5**	14.6

Of the other investments, £4.6m (1997 £6.7m) were listed on the London Stock Exchange.

16 Creditors

	Group		Company	
	1998	1997	1998	1997
	£m	£m	£m	£m
Amounts falling due within one year:				
Bank loans and overdrafts	**11.1**	8.5	**34.9**	7.0
Advance payments from customers	**0.4**	1.3	**0.4**	1.3
Payments received on account	**24.5**	10.3	**19.9**	8.3
Securitisation *(see note 13)*	**18.7**	-	**18.7**	-
Trade creditors	**118.9**	114.5	**106.4**	101.3
Corporation tax	**19.7**	22.1	**16.2**	21.8
Windfall Profits Tax	-	54.7	-	54.7
Other taxation and social security	**3.0**	2.9	**2.5**	2.7
Other creditors	**16.9**	23.5	**5.9**	9.1
Accruals and deferred income	**72.9**	52.7	**71.9**	51.0
	286.1	290.5	**276.8**	257.2

Amounts falling due after more than one year:

	Group		Company	
	1998	1997	1998	1997
	£m	£m	£m	£m
Bonds	**99.5**	99.4	**99.5**	99.4
Advance payments from customers	**0.2**	0.9	**0.2**	0.9
Other creditors	**2.9**	4.1	**2.9**	4.1
	102.6	104.4	**102.6**	104.4

Unsecured loans outstanding at the year end were repayable as follows:

	Group		Company	
	1998	1997	1998	1997
	£m	£m	£m	£m
Repayable within one year	**11.1**	8.5	**34.9**	7.0
Repayable after five years				
8.5% bonds due 2005	**99.5**	99.4	**99.5**	99.4
	110.6	107.9	**134.4**	106.4

The fair value at 31 December 1998 of the 8.5% bonds due 2005 was £114.4m (1997 £107.0m).

17 Provisions for liabilities and charges

	Restructuring £m	Other £m	Total £m
Group			
Balance at 1 January 1998	13.9	17.4	31.3
Applied during the year	(5.3)	(1.3)	(6.6)
Provided in the year	1.0	2.1	3.1
Balance at 31 December 1998	**9.6**	**18.2**	**27.8**

	Restructuring £m	Other £m	Total £m
Company			
Balance at 1 January 1998	13.2	17.2	30.4
Applied during the year	(4.3)	(1.3)	(5.6)
Provided in the year	0.4	2.1	2.5
Balance at 31 December 1998	**9.3**	**18.0**	**27.3**

18 Called up share capital

Authorised:	Number	£m
Ordinary shares of 50p each at 1 January 1998 and 31 December 1998	**400,000,000**	**200.0**
Allotted and fully paid:		
At 1 January 1998 and 31 December 1998	**250,493,703**	**125.3**

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 1998	125.3	7.8	6.8	230.6	370.5	234.9
Retained profit for the year	-	-	-	63.3	63.3	57.3
Balance at 31 December 1998	**125.3**	**7.8**	**6.8**	**293.9**	**433.8**	**292.2**

The cumulative amount of goodwill written off to reserves at 31 December 1998 was £5.0m (1997 £5.0m).

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 group 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. A valuation as at 31 March 1998 has been commissioned and the results will be reflected in the accounts for the year ended 31 December 1999.

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 £3.9m (1997 £3.9m). 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.

Following the abolition of the ACT credit on dividend income, Bacon and Woodrow have advised the Group that a change to the level of contribution to the Scheme is not necessary in advance of the results of the triennial valuation at 31 March 1998. Any impact of this change will be taken into account in that valuation.

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 SEEBOARD group of the ESPS.

Contributions payable by the Company to the schemes during the year (excluding provisions) totalled £3.9m (1997 £3.9m).

21 Lease obligations

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

	Group and Company	
	1998	1997
	£m	£m
In the second to fifth year inclusive	**0.1**	0.3

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

	Group and Company	
	1998	1997
	£m	£m
Within one year	**0.1**	-
In the second to fifth year inclusive	**0.7**	0.3
In more than five years	**4.3**	3.3
	5.1	3.6

22 Capital and other commitments

Capital investment in respect of which the Group has entered into contractual commitments but which was not provided for as at 31 December 1998, amounted to £18.4m (1997 £6.1m).

The Group has entered into contracts for differences ("CfDs") to reduce exposure to fluctuations in the price of electricity purchased from the electricity pool. The pool was established at privatisation for the bulk trading of electricity between generators and suppliers. At 31 December 1998, the gross value of outstanding CfDs amounted to not more than 92% (1997 80%) of any year's expected power purchases.

23 Notes to the cash flow statement

	1998 £m	1997 £m
(a) Non-cash items		
Depreciation	**30.8**	31.6
Profit on sale of fixed assets	**(1.7)**	(1.4)
Decrease in provisions	**(4.1)**	(6.3)
	25.0	23.9
(b) Normal movement in working capital		
Decrease/(increase) in stocks	**16.2**	(3.9)
Decrease/(increase) in debtors	**6.0**	(46.4)
(Decrease)/increase in creditors		
Decrease in advance payments	**(1.6)**	(5.1)
Increase in other creditors	**32.4**	7.7
	53.0	(47.7)

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

	1998 £m	1997 £m
(c) Returns on investments and servicing of finance		
Interest received	**3.6**	4.9
Interest paid	**(16.7)**	(16.7)
Dividends received	**1.1**	0.6
Net cash outflow from returns on investments and servicing of finance	**(12.0)**	(11.2)
(d) Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(70.5)**	(54.1)
Receipts from sales of tangible fixed assets	**5.4**	3.5
Net cash outflow from capital expenditure and financial investment	**(65.1)**	(50.6)
e) Exceptional item - disposal of businesses		
Sale of fixed asset investments - First Hydro	**-**	2.8
Sale of Retail business *(see notes 3 and 23i)*	**25.4**	-
Exceptional inflow from disposal of businesses	**25.4**	2.8

23 Notes to the cash flow statement continued

	1998 £m	1997 £m
(f) Acquisitions and disposals		
Purchase of investment in subsidiary undertakings	-	(0.2)
Net cash outflow from acquisitions and disposals	-	(0.2)

(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) Analysis of net debt

	Balance 1 January 1998 £m	Cash flow £m	Non-cash changes £m	Balance 31 December 1998 £m
Cash in hand and at bank	0.4	6.1	-	6.5
Bank overdraft	(8.5)	(2.6)	-	(11.1)
Debt due after more than one year	(99.4)	-	(0.1)	(99.5)
Current asset investments				
Liquid investments	38.3	3.7	-	42.0
Net debt	(69.2)	7.2	(0.1)	(62.1)

(i) Sale of Retail business *(see note 3)*

	1998 £m
Net assets disposed	
Tangible fixed assets	(8.6)
Stocks	(2.0)
Debtors	(12.5)
Creditors	2.5
	(20.6)
Proceeds from sale of business *(see note 23e)*	25.4
Deferred consideration	0.9
Exceptional profit on disposal	5.7

In addition to proceeds from sale of the Retail business of £25.4m, in the period to disposal, the Retail business contributed £8.0m to cash flow from operations.

24 Subsidiary undertakings and joint ventures

The principal undertakings at 31 December 1998 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
Southern Gas Limited	100%	Gas supply
SEEBOARD International Limited	100%	Overseas consultancy
SEEBOARD Trading Limited	100%	Electrical contracting
Seepower Limited	100%	Investment company
SEEBOARD Powerlink Limited*	80%	Asset management
Joint ventures		
Power Asset Development Company Limited*	50%	Asset management
Meterpoint Limited	50%	Meter reading

* indirect holdings

25 Ultimate holding company and ultimate controlling company

The ultimate UK holding company at 31 December 1998 was CSW UK Finance Company, registered in England and Wales. On 5 January 1999 CSW UK Holdings acquired a 90% interest in CSW UK Finance Company in exchange for an issue of shares to CSW International II and as a result became the ultimate UK holding company. The ultimate holding company and ultimate controlling 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 or from the Company Secretary as set out below.

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.