

1990891



ANNUAL REPORT AND ACCOUNTS 1995



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COMPANIES HOUSE 21/07/95



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Directors

Secretary and Advisers

Directors

B Devalan (Chairman)

J-F Talbot (Managing Director)

G M Hoskins (Deputy Managing Director)

P C Rancon

J P Sennepin

H T Barnhoorn

Company Secretary

M Pedro (Solicitor)

Finance Manager

E A Hamilton

Group Bankers

National Westminster Bank plc

Banque Nationale de Paris

Midland Bank plc

Barclays Bank PLC

Group Auditors

KPMG

Coopers & Lybrand

Solicitors

Manches & Co

Financial Advisers

European Capital

Registered Office

22-30 Sturt Road

Frimley Green

Camberley

Surrey

GU16 6HZ

Registered No 1990891

Chairman's Statement

Results

It gives me pleasure to announce the financial results for the SAUR UK group to the year ended 31 March 1995. The results show a satisfactory growth in turnover from £106 million to £114 million, whilst pre-tax profits have improved by £1.8 million to £23 million.

The capital investment programme in our water business remains on track and to budget and we will continue to pay much attention to the efficiency of the investments we make in this business. This is particularly important since the two water companies, South East Water and Mid Southern Water, have received their new price regime from OFWAT, their regulator. Challenging targets on efficiency and investment have been set but our strong management will ensure that positive results will be obtained.

Ecover, our environmental services company, continues to grow in a competitive market. It has recently signed a significant contract with Brighton Borough Council to provide a variety of services including refuse collection, street cleaning, leisure management and housing maintenance.

Finally our consultancy company Dynamo is continuing its development with new contracts both in the UK and abroad.

Financing

We have renegotiated our £92 million revolving credit facility for SAUR Water Services which provides further stability to the group's financial resources.

Staff

Our continuing efforts to improve service in all our activities in order to enhance efficiency requires staff of high calibre with excellent expertise.

We are well placed in this respect but in any case, continuous training and development programmes ensure that staff are aware of the latest developments in whichever field they work.

In addition, we have a graduate recruitment programme which ensures that many staff enter the group to develop with us and to make certain that we will have a strong pool of staff available for the future.

Customers

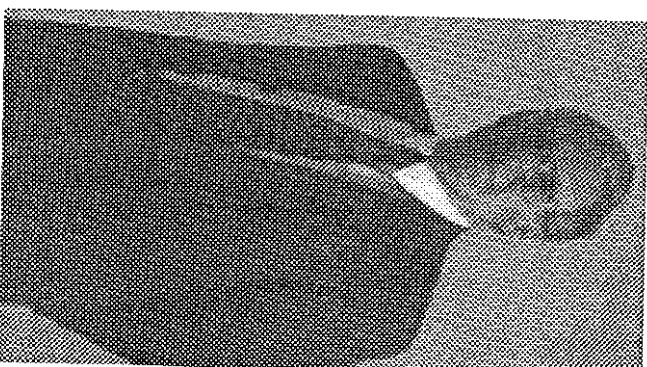
We serve customers in a variety of ways in many parts of the UK. We listen to them carefully and tailor our service to their needs. Our policy of decentralisation allows staff to work closely with customers and to solve any problems quickly and efficiently.

Directors and Staff

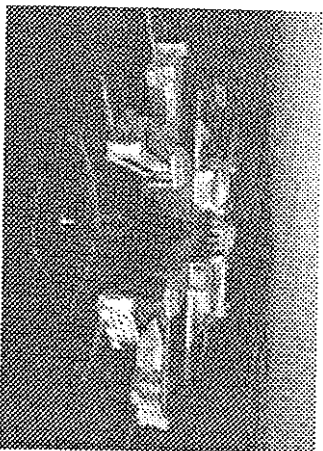
I offer my thanks to my fellow directors and to all the staff in our group. Their dedication to excellence and service provides the platform for our future success.



Bernard Devalan
Chairman



Bernard Devalan



Directors' Report

The directors of SAUR (UK) Limited have pleasure in submitting their report and the audited financial statements for the year ended 31 March 1995.

Principal Activities

The principal activities of the group are the supply and distribution of water and the collection and disposal of waste together with the development of business in related areas.

Business Review

Consolidated profit on ordinary activities after minority interests and taxation for the year was £20 million (1994: £18.7 million). The financial position at 31 March 1995 is shown in the consolidated balance sheet on pages 10 to 11 and in the company's balance sheet on page 12.

The proposed transfer to reserves is set out in note 20.

Dividends

The directors do not propose to recommend the payment of a dividend on the issued ordinary share capital of the company in respect of the year ended 31 March 1995 (1994: £nil).

Fixed Assets

Capital expenditure on tangible fixed assets during the year totalled £38.6 million (1994: £27.8 million). Details of changes in fixed assets are summarised in note 10.

Directors and Interests in Shares

The directors who served during the year and at the date of this report are set out on page 2. Mr H T Barnhoorn was appointed director on 1 January 1995 and Mr P Montagner resigned from the board on 10 February 1995.

None of the directors held any beneficial interest in the shares of the company or the group during the year.

Research and Development and WRC plc

The group contributes to the Foundation for Water Research and WRC plc which undertakes research in all aspects of water industry operations. The international research resources of SAUR are available to the SAUR (UK) group.

Employment Policies

Great importance is attached to employee representation on consultative committees and there are regular liaison meetings and in-house journals. The group offers equal opportunities to all applicants for employment and for career development which includes training.

The group's policy on training, career development and promotion of disabled people is, as far as possible, identical to that for other employees, and if employees become disabled every effort is made to ensure their continued employment, with appropriate training where necessary.

A high priority is given to safety regulations and other matters affecting health and safety at work with provision for meetings and training courses as appropriate.

Directors' and Officers' Liability Insurance

During the financial year the company maintained directors' and officers' liability insurance.

Donations

Charitable donations during the year amounted to £16,758 (1994: £15,265). No political donations were made by the group.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and accordingly have signed their report in their new name.

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.



By order of the board
M Pedro
Company Secretary
16 June 1995

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group 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 the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



B Devalan
Chairman
16 June 1995

Auditors' Report



To the members of SAUR (UK) Limited

We have audited the financial statements on pages 9 to 39.

Respective Responsibilities of directors and auditors

As described on page 6 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 the group as at 31 March 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG

Chartered Accountants
Registered Auditors
London

16 June 1995

Consolidated Profit and Loss Account

for the year ended 31 March 1995

Note	1995 £000	1994 (Restated) £000
2	Turnover	114,169
	Cost of Sales	(82,461)
3	Other operating income	2,247
	Operating profit	33,955
4	Interest receivable and similar income	784
5	Interest payable and similar charges	(11,697)
6	Profit on ordinary activities before taxation	23,042
9	Tax on profit on ordinary activities	(2,227)
	Profit on ordinary activities after taxation	20,815
22	Minority interests	(201)
	Equity	(629)
	Non Equity	(160)
20	Profit for the financial year and retained profit for the financial year	18,658

The income and expenditure all relate to continuing operations none of which were acquired in the year.

The group has no recognised gains or losses other than the profit shown above and, therefore, no separate consolidated statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year shown above and their historical cost equivalents.

The notes on pages 14 to 39 form part of these financial statements.

A statement of movements on reserves is given in notes 19 to 22.

Consolidated Balance Sheet

at 31 March 1995

Note	1995	1994 (Restated)
	£000	£000
Fixed assets		
10 Tangible assets	749,579	722,778
11 Investments	10,035	10,034
	<u>759,614</u>	<u>732,812</u>
Current assets		
12 Stocks	1,568	1,812
13 Debtors	27,135	28,968
	<u>3,484</u>	<u>2,942</u>
Cash at bank and in hand	32,187	33,722
	<u>(61,080)</u>	<u>(52,617)</u>
14 Creditors: amounts falling due within one year		
Net current liabilities	<u>(28,893)</u>	<u>(18,895)</u>
Total assets less current liabilities	<u>730,721</u>	<u>713,917</u>
15 Creditors: amounts falling due after more than one year	(135,302)	(139,750)
16 Provisions for liabilities and charges	(2,542)	(4,130)
17 Deferred income	(11,128)	(7,857)
Net assets	<u>581,749</u>	<u>562,180</u>
Capital and reserves		
18 Called up share capital	31,800	31,800
19 Capital reserves	495,840	496,422
20 Profit and loss account	42,423	22,438
	<u>570,063</u>	<u>550,660</u>
22 Minority interests	11,686	11,520
Total shareholders' funds	<u>581,749</u>	<u>562,180</u>

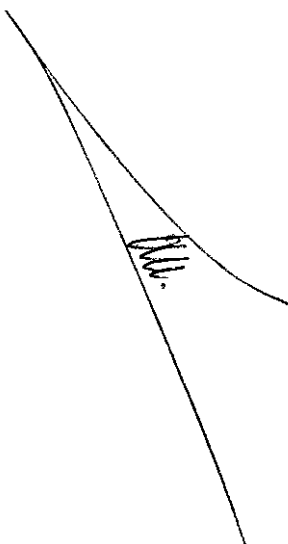
Consolidated Balance Sheet

at 31 March 1995

Note	1995 £000	1994 (Restated) £000
Shareholders' funds attributable to		
21 Equity shareholders'	570,063	550,660
22 Equity minority interests	4,936	4,770
	<u>574,999</u>	<u>555,430</u>
22 Non-equity minority interests	6,750	6,750
Total shareholders' funds	<u>581,749</u>	<u>562,180</u>

The notes on pages 14 to 39 form part of these financial statements.
These financial statements were approved by the board of directors on 16 June 1995 and were signed on its behalf by:

P C Rancon, Director



Company Balance Sheet

at 31 March 1995

Note	1995	1994
	£000	£000
Fixed assets		
10 Tangible assets	106	-
11 Investments	85,131	81,453
	<u>85,237</u>	<u>81,453</u>
Current assets		
13 Debtors: amounts falling due within one year	3,600	5,144
13 Debtors: amounts falling due after more than one year	17,912	17,912
Cash at bank and in hand	22	12
	<u>21,534</u>	<u>23,068</u>
14 Creditors: amounts falling due within one year	(16,002)	(13,538)
Net current assets	<u>5,532</u>	<u>9,530</u>
Total assets less current liabilities	<u>90,769</u>	<u>90,983</u>
15 Creditors: amounts falling due after more than one year	(64,699)	(64,061)
16 Provisions for liabilities and charges	(3,368)	(4,100)
Net assets	<u>22,702</u>	<u>22,822</u>
Capital and reserves		
18 Called up share capital	31,800	31,800
20 Profit and loss account	(9,098)	(8,978)
Equity shareholders' funds	<u>22,702</u>	<u>22,822</u>

The notes on pages 14 to 39 form part of these financial statements.

These financial statements were approved by the board of directors on 16 June 1995 and were signed on its behalf by:

P C Rancon, Director

Alm.

Consolidated Cash Flow Statement

for the year ended 31 March 1995

Note	1995	1994 (Restated)
	£000	£000
27		
Net cash inflow from operating activities	43,326	37,911
Returns on investments and servicing of finance		
Interest paid	(9,969)	(11,547)
Interest received	144	107
Dividends received	640	610
Dividends paid to minorities	(708)	(700)
Interest element of finance leases	(1,141)	(1,482)
Net cash outflow from returns on investments and servicing of finance	(11,034)	(13,012)
Taxation		
UK corporation tax paid	(1,764)	(829)
Investing activities		
Payments to acquire tangible fixed assets	(29,564)	(21,247)
Capital contributions received towards infrastructure and non-infrastructure assets	5,744	3,795
Payments to acquire minority interests	(302)	(4)
Payments to acquire subsidiary undertakings and other businesses (net of cash and cash equivalents)	(693)	—
Sale of tangible fixed assets	843	155
Net cash outflow from investing activities	(23,972)	(17,301)
Net cash inflow before financing	6,556	6,769
28-30 Net cash outflow from financing	(3,052)	(744)
29 Increase in cash and cash equivalents	3,504	6,025

Notes to the Financial Statements

for the year ended 31 March 1995

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements:

Basis of preparation

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The financial statements have been prepared in accordance with FRS4 which prescribes certain changes to the balance sheet and disclosure of certain financial instruments. As a result, the group's prior year shareholders' funds have been restated by £717,000, as detailed in note 15.

In order to comply with group accounting policies certain costs have been reanalysed in the profit and loss account. As a result prior year comparatives have been restated as follows: £454,000 of cost of sales have been included in interest payable and similar charges; and £80,000 of interest receivable and similar income have been included in other operating income. Prior year cashflows have been restated accordingly.

Consolidation

The consolidated financial statements comprise the accounts of the parent company and of all its subsidiary undertakings made up to the end of the financial year. The results of new subsidiary undertakings are included from their effective dates of acquisition. Non-voting share capital in subsidiaries is included in minority interests at its nominal value.

Goodwill

Goodwill represents the net excess of the cost of the shares in subsidiary undertakings over the fair value of their separable net assets at the date of acquisition and is written off directly to consolidated reserves in the year of acquisition. Where the net assets acquired exceed the purchase consideration the excess is added to the reserves of the group.

The assets of the water company subsidiaries principally comprise specialised operational assets for which there is no generally available open market value. Accordingly, the fair value of these assets as at the date of acquisition has been determined by reference to their depreciated current replacement cost. Deferred taxation has not been provided on the difference between the fair value and the book value of the assets as it is not anticipated that any significant portion of the assets will be disposed of in the foreseeable future.

Notes to the Financial Statements

for the year ended 31 March 1995

ACCOUNTING POLICIES (continued)

Turnover

Turnover represents income from the supply of water and other chargeable services to external customers during the year. Turnover excludes VAT and is stated before any deduction for bad and doubtful debts.

Investment Income and Interest

Dividends from subsidiary undertakings are recognised in the accounts of the parent undertaking on an accruals basis.

Dividend income in respect of shares held in other companies is recognised when declared. Interest on loans and short term deposits is dealt with on an accruals basis. Income from investments includes income tax deducted, or where applicable, the imputed tax credits.

Research and Development Expenditure

Research and development expenditure and contributions to WRc plc are charged to the profit and loss account as incurred.

Taxation

Imputed tax credits on franked investment income and advance corporation tax on dividends paid are treated as part of the taxation charge to the extent they are not considered recoverable.

Deferred taxation

Provision is made for deferred taxation in respect of liabilities that are anticipated to crystallise in the foreseeable future. No provision is made for the potential tax on capital gains which could arise in the event of disposal of investments or properties at their market values.

Investments

Investments are stated at the historical cost to the group less provisions for permanent diminution in value.

Notes to the Financial Statements

for the year ended 31 March 1995

1 ACCOUNTING POLICIES (continued)

Depreciation

Freehold land and infrastructure assets are not depreciated. Infrastructure assets comprise the network of systems relating to water distribution, such as water mains and surface reservoirs. Expenditure on infrastructure assets relating to increases in capacity or enhancements of the network is treated as additions. Expenditure on maintaining the operating capability of the network in accordance with defined standards of service is charged as an operating cost. No depreciation is charged on infrastructure assets because the network of systems is required to be maintained in perpetuity and therefore has no finite economic life.

With effect from 1 April 1989 the charge for infrastructure renewals expenditure also takes account of the planned expenditure on maintaining the operating capability of infrastructure assets in accordance with the operational policies and standards underlying the water companies' Asset Management Plans. The timing of the investment programme results in uneven patterns of infrastructure renewals expenditure. Charges to the profit and loss account therefore comprise, in accordance with common practice in the water industry, actual expenditure together with accruals which recognise the average planned expenditure identified in the Asset Management Plans.

Other fixed assets are depreciated over their estimated useful economic lives on a straight line basis.

Depreciation rates vary according to the class of asset and are typically:

	Years
Freehold buildings	80
Wells and boreholes	60-80
Treatment plant	7-35
Pumping plant	7-30
Vehicles, mobile plant, office equipment and computers	3-7

Grants and contributions in respect of infrastructure assets

In certain circumstances third parties make non-returnable contributions towards the cost of specific infrastructure assets. As from 1 April 1990 non-returnable contributions are also required from third parties towards the costs of future assets in respect of the connection of new properties to the water supply system.

Capital contributions towards infrastructure assets are deducted from the cost of these assets. This is not in accordance with Schedule 4 to the Companies Act 1985 under which the infrastructure assets should be stated at their purchase price or production cost and capital contributions treated as deferred income and released to the profit and loss account over the useful life of the corresponding assets.

Notes to the Financial Statements

for the year ended 31 March 1995

ACCOUNTING POLICIES (continued)

The directors are of the opinion that, as infrastructure assets have no finite economic lives for the reason set out above and the capital contributions would therefore remain in the balance sheet in perpetuity, the treatment otherwise required by the Companies Act 1985 would not present a true and fair view of the group's effective investment in infrastructure assets. Movements in capital contributions and the net book value of infrastructure assets before and after the contributions are set out in note 10 which therefore shows the effect of the group's policy.

Grants and contributions in respect of non-infrastructure assets

Grants and contributions received in respect of non-infrastructure assets are treated as deferred credits and released to the profit and loss account over the estimated useful lives of the relevant assets.

Leased assets

Assets acquired under finance leases are included in tangible fixed assets and are depreciated over their estimated useful economic lives on a straight line basis or period of the lease if shorter. The related obligations, representing the capital element of future rentals, are included in creditors. The interest element of rentals is charged to the profit and loss account over the life of the lease.

Payments in respect of assets held under operating leases are charged to the profit and loss account as incurred.

Stocks and work in progress

Stocks are valued at the lower of average cost or net realisable value. No value is placed upon stocks of treated water in accordance with usual practice in the water industry.

Work in progress for chargeable services is valued at the lower of cost and net realisable value.

Contract set up costs on long term contracts are included as work in progress and amortised to the profit and loss account over the life of the contract concerned, except where losses are foreseen on contracts. On all long term contracts full provision is made for losses in the year in which they are first foreseen.

Pension costs

The assets of the principal pension schemes are held separately from those of the group. The cost of contributions to the schemes is charged to the profit and loss account on a systematic basis over the average service lives of the employees concerned. All contributions are determined by an independent qualified actuary at periodic intervals using the projected unit method.

for the year ended 31 March 1995

2

Consolidated net assets/(net liabilities)

£48,000) which arose in the rest of Europe.

Notes to the Financial Statements

for the year ended 31 March 1995

3 OTHER OPERATING INCOME

	1995 £000	(Restated) 1994 £000
Rents receivable from land	397	266
Sundry Income	1,850	4,421
	<u>2,247</u>	<u>4,687</u>

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	1995 £000	(Restated) 1994 £000
Interest receivable on bank deposits	139	107
Income from fixed asset investment	640	811
Other income	<u>5</u>	<u>-</u>
	<u>784</u>	<u>918</u>

Notes to the Financial Statements

for the year ended 31 March 1995

5 INTEREST PAYABLE AND SIMILAR CHARGES

	1995	1994
	£000	£000
Interest payable on bank and other borrowings wholly repayable within five years	6,309	4,335
Interest on other borrowings repayable after five years	1,733	1,888
Interest payable on loans to immediate parent undertaking	1,590	5,505
Interest payable on finance leases which expire:		
within five years	463	650
after five years	1,100	696
Other	502	454
	<u>11,697</u>	<u>13,528</u>

6

PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	1995	1994
	£000	£000
Depreciation: Owned assets	7,054	6,963
Leased assets	<u>2,034</u>	<u>1,847</u>
	9,088	8,810
Rates and abstraction charges		7,363
Hire charges		165
Operating lease rentals:		
Plant and machinery	1,261	1,182
Other assets	<u>264</u>	<u>242</u>
	1,525	1,424

Profit on disposal of fixed assets	(195)
Auditors' remuneration - statutory audit	212
non audit work	<u>257</u>

7 PROFIT AND LOSS ACCOUNT OF THE COMPANY

No profit and loss account is presented for the company as permitted under Section 230 of the Companies Act 1985. The result for the year is set out in Note 20 to the financial statements.

Notes to the Financial Statements

for the year ended 31 March 1995

8

DIRECTORS AND EMPLOYEES

The average number of persons employed by the group (including executive directors) during the year was 1,435 (1994: 1,426) analysed as follows:

	1995	1994
Operations	1,008	1,105
Engineering	123	67
Management and administration	304	254
	<u>1,435</u>	<u>1,426</u>

The aggregate payroll costs of these persons were as follows:

	1995	1994
Wages and salaries	£000	£000
Social security costs	22,810	23,392
Pension costs	2,070	2,162
	<u>1,325</u>	<u>1,485</u>
	<u>26,205</u>	<u>27,039</u>

Directors' emoluments:

Remuneration including pension contributions
Fees

	1995	1994
£000	£000	£000
247	247	114
101	101	96
	<u>348</u>	<u>210</u>

The emoluments, excluding pension contributions, of the chairman were £11,000 (1994: £10,000) and the emoluments of the highest paid director were £132,000 (1994: £86,600).

The emoluments of the directors including the chairman and the highest paid director and excluding pension contributions were within the following ranges:

	1995	1994
£	0 – £ 5,000	1
£ 5,001 – £10,000	–	1
£10,001 – £15,000	–	1
£20,001 – £25,000	1	–
£25,001 – £30,000	–	2
£30,001 – £35,000	3	–
£35,001 – £40,000	–	1
£40,001 – £45,000	–	1
£45,001 – £50,000	–	1
£50,001 – £55,000	1	–
£55,001 – £60,000	1	–
£60,001 – £65,000	–	–
£65,001 – £70,000	–	–
£70,001 – £75,000	–	–
£75,001 – £80,000	–	–
£80,001 – £85,000	–	–
£85,001 – £90,000	–	–
£90,001 – £95,000	–	–
£95,001 – £100,000	–	–
£100,001 – £105,000	–	–
£105,001 – £110,000	–	–
£110,001 – £115,000	–	–
£115,001 – £120,000	–	–
£120,001 – £125,000	–	–
£125,001 – £130,000	–	–
£130,001 – £135,000	–	–
£135,001 – £140,000	–	–
£140,001 – £145,000	–	–
£145,001 – £150,000	–	–
£150,001 – £155,000	–	–
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£380,001 – £385,000	–	–
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£405,001 – £410,000	–	–
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£420,001 – £425,000	–	–
£425,001 – £430,000	–	–
£430,001 – £435,000	–	–
£435,001 – £440,000	–	–
£440,001 – £445,000	–	–
£445,001 – £450,000	–	–
£450,001 – £455,000	–	–
£455,001 – £460,000	–	–
£460,001 – £465,000	–	–
£465,001 – £470,000	–	–
£470,001 – £475,000	–	–
£475,001 – £480,000	–	–
£480,001 – £485,000	–	–
£485,001 – £490,000	–	–
£490,001 – £495,000	–	–
£495,001 – £500,000	–	–
£500,001 – £505,000	–	–
£505,001 – £510,000	–	–
£510,001 – £515,000	–	–
£515,001 – £520,000	–	–
£520,001 – £525,000	–	–
£525,001 – £530,000	–	–
£530,001 – £535,000	–	–
£535,001 – £540,000	–	–
£540,001 – £545,000	–	–
£545,001 – £550,000	–	–
£550,001 – £555,000	–	–
£555,001 – £560,000	–	–
£560,001 – £565,000	–	–
£565,001 – £570,000	–	–
£570,001 – £575,000	–	–
£575,001 – £580,000	–	–
£580,001 – £585,000	–	–
£585,001 – £590,000	–	–
£590,001 – £595,000	–	–
£595,001 – £600,000	–	–
£600,001 – £605,000	–	–
£605,001 – £610,000	–	–
£610,001 – £615,000	–	–
£615,001 – £620,000	–	–
£620,001 – £625,000	–	–
£625,001 – £630,000	–	–
£630,001 – £635,000	–	–
£635,001 – £640,000	–	–
£640,001 – £645,000	–	–
£645,001 – £650,000	–	–
£650,001 – £655,000	–	–
£655,001 – £660,000	–	–
£660,001 – £665,000	–	–
£665,001 – £670,000	–	–
£670,001 – £675,000	–	–
£675,001 – £680,000	–	–
£680,001 – £685,000	–	–
£685,001 – £690,000	–	–
£690,001 – £695,000	–	–
£695,001 – £700,000	–	–
£700,001 – £705,000	–	–
£705,001 – £710,000	–	–
£710,001 – £715,000	–	–
£715,001 – £720,000	–	–
£720,001 – £725,000	–	–
£725,001 – £730,000	–	–
£730,001 – £735,000	–	–
£735,001 – £740,000	–	–
£740,001 – £745,000	–	–
£745,001 – £750,000	–	–
£750,001 – £755,000	–	–
£755,001 – £760,000	–	–
£760,001 – £765,000	–	–
£765,001 – £770,000	–	–
£770,001 – £775,000	–	–
£775,001 – £780,000	–	–
£780,001 – £785,000	–	–
£785,001 – £790,000	–	–
£790,001 – £795,000	–	–
£795,001 – £800,000	–	–
£800,001 – £805,000	–	–
£805,001 – £810,000	–	–
£810,001 – £815,000	–	–
£815,001 – £820,000	–	–
£820,001 – £825,000	–	–
£825,001 – £830,000	–	–
£830,001 – £835,000	–	–
£835,001 – £840,000	–	–
£840,001 – £845,000	–	–
£845,001 – £850,000	–	–
£850,001 – £855,000	–	–
£855,001 – £860,000	–	–
£860,001 – £865,000	–	–
£865,001 – £870,000	–	–
£870,001 – £875,000	–	–
£875,001 – £880,000	–	–
£880,001 – £885,000	–	–
£885,001 – £890,000	–	–
£890,001 – £895,000	–	–
£895,001 – £900,000	–	–
£900,001 – £905,000	–	–
£905,001 – £910,000	–	–
£910,001 – £915,000	–	–
£915,001 – £920,000	–	–
£920,001 – £925,000	–	–
£925,001 – £930,000	–	–
£930,001 – £935,000	–	–
£935,001 – £940,000	–	–
£940,001 – £945,000	–	–
£945,001 – £950,000	–	–
£950,001 – £955,000	–	–
£955,001 – £960,000	–	–
£960,001 – £965,000	–	–
£965,001 – £970,000	–	–
£970,001 – £975,000	–	–
£975,001 – £980,000	–	–
£980,001 – £985,000	–	–
£985,001 – £990,000	–	–
£990,001 – £995,000	–	–
£995,001 – £1,000,000	–	–

Notes to the Financial Statements

for the year ended 31 March 1995

9 TAXATION

	Group: 1995 £000	1994 £000
UK corporation tax on profits at 33%	5,179	4,801
Advance corporation tax reinstated	(3,108)	(3,274)
Advance corporation tax written off	191	221
Tax recoverable under section 242 claim	—	(122)
Tax attributable to franked investment income	128	203
Over provision in prior years	(163)	(13)
	<u>2,227</u>	<u>1,816</u>

The effective tax rate applicable to the group is below the normal corporation tax rate of 33% because of the utilisation of advance corporation tax balances.

No provision is required for deferred tax as no material liabilities are anticipated to crystallise in the foreseeable future. The full potential tax liability, calculated on the liability method, is set out below:

	Group: 1995 £000	1994 £000
Corporation tax at 33% deferred by reason of:		
Capital allowances exceeding depreciation	33,119	32,607
Short term timing differences	(466)	104
Excess of fair value over book value of fixed assets on subsidiaries acquired	<u>178,153</u>	<u>179,455</u>
	210,806	212,166
	<u>(12,107)</u>	<u>(13,256)</u>
Advance corporation tax available for set-off	<u>198,699</u>	<u>198,910</u>

Notes to the Financial Statements

for the year ended 31 March 1995

10 TANGIBLE FIXED ASSETS

Group	Land, wells, reservoirs and buildings £000	Mains £000	Plant equipment and vehicles £000	Total £000
Cost				
At 1 April 1994	242,661	450,724	93,289	786,674
Additions	4,177	8,995	25,469	38,641
Disposals	(511)	-	(2,329)	(2,840)
At 31 March 1995	246,327	459,719	116,429	822,475
Depreciation				
At 1 April 1994	15,574	-	24,439	40,013
Charge for the year	1,939	-	7,149	9,088
Disposals	(86)	-	(2,293)	(2,379)
At 31 March 1995	17,427	-	29,295	46,722
Net book value				
At 31 March 1995	228,900	459,719	87,134	775,753
Less capital contributions	-	(26,174)	-	(26,174)
Net book value after 3rd party contributions are deducted				
At 31 March 1995	228,900	433,545	87,134	749,579
Including				
-- leased assets	8,526	-	19,113	27,639
-- assets under construction	2,507	4,710	13,669	20,886
Net book value after 3rd party contributions are deducted				
At 31 March 1994	227,087	426,841	68,850	722,778
Including				
-- leased assets	8,737	-	13,093	21,830
-- assets under construction	3,889	3,993	13,211	21,093

Notes to the Financial Statements

for the year ended 31 March 1995

¹⁰ TANGIBLE FIXED ASSETS (continued)

Capital contributions

At 1 April 1994

Received during the year

At 31 March 1995

Group

The recorded cost of fixed assets reflects the fair values of the fixed assets of subsidiary companies at the effective date of acquisition plus subsequent additions at historical cost. The fair value of the fixed assets at acquisition exceeded the historical cost by £564 million.

The net book value of land, wells, reservoirs and buildings includes £214 million (1994: £215 million) in respect of depreciable assets. Freehold land and buildings held by the group at 31 March 1995 amount to £98 million. Short leasehold land and buildings held by the group at 31 March 1995 amount to £219,000.

Additions to fixed assets during the year include £1,083,000 (1994: £nil) in respect of assets acquired on the purchase of subsidiary undertakings and other businesses.

Company

Plant, Equipment and Vehicles £000

Cost

At 1 April 1994

Transfers from subsidiary undertakings

At 31 March 1995

Depreciation

At 1 April 1994

Transfers from subsidiary undertakings

Charge for the year

At 31 March 1995

Net Book Value

At 31 March 1995

At 31 March 1994

-	211
211	
-	99
6	
105	
106	
-	

Notes to the Financial Statements

for the year ended 31 March 1995

11 INVESTMENTS

	Listed investments shares £000	Other investments shares £000	Total £000
Group			
Cost			
At 1 April 1994	10,025	9	10,034
Additions	1	-	1
At 31 March 1995	10,026	9	10,035

Listed investments include shares held in Mid Kent Holdings plc, which are listed on the International Stock Exchange:

	31 March 1995 Cost £000	Market value £000	31 March 1994 Cost £000	Market value £000
Cost	10,905	10,940	10,905	11,149
Provisions	(880)	-	(880)	-
	10,025	10,940	10,025	11,149

Other investments comprise shares in WRc plc.

Company

Investment in subsidiary undertakings:

	Shares £000	Loans £000	Total £000
Cost			
At 1 April 1994	36,884	48,909	85,793
Additions	-	2,616	2,616
At 31 March 1995	36,884	51,525	88,409
Provisions			
At 1 April 1994	925	3,415	4,340
Released during year	-	(1,062)	(1,062)
At 31 March 1995	925	2,353	3,278
Net book value			
At 31 March 1995	35,959	49,172	85,131
At 31 March 1994	35,959	45,494	81,453

Notes to the Financial Statements

for the year ended 31 March 1995

11 INVESTMENTS (continued)

Principal subsidiary undertakings

Company name	Type of Shares	Proportion of shares held	Nature of business
SAUR Water Services plc*	Ordinary	100.00%	Investment company
Mid Southern Water plc**	Ordinary voting	99.44%	Supply and distribution of water
	Ordinary non-voting	90.98%	
South East Water Limited**	Ordinary	100.00%	Intermediate holding company
Eastbourne Water plc**	Ordinary voting	99.57%	Supply and distribution of water
	Ordinary non-voting	79.78%	
Mid-Sussex Water plc**	Ordinary voting	98.20%	Supply and distribution of water
West Kent Water plc**	Ordinary voting	99.05%	Supply and distribution of water
	Ordinary non-voting	100.00%	
Dynamco Limited*	Ordinary	100.00%	Engineering services and contracting
Deepcut Investments Limited*	Ordinary	100.00%	Investment company
ECOVERT Limited*	Ordinary	100.00%	Waste collection & disposal
Industrial Environmental Services Limited**	Ordinary	100.00%	Waste collection, disposal & related services
The Fosse Group Limited**	Ordinary	100.00%	Waste collection & disposal
Channel Environmental Services PLC*	Ordinary	100.00%	Waste collection & disposal
Stalwart Environmental Services Limited*	Ordinary	100.00%	Waste collection & disposal
ECOVERT Management Limited**	Ordinary	100.00%	Waste collection & disposal
ECOVERT Wycombe Limited**	Ordinary	100.00%	Waste collection & disposal
ECOVERT DLS Limited**	Ordinary	100.00%	Waste collection & disposal
Trehir Development Company Limited**	Ordinary	81.00%	Waste collection & disposal

Investments

Mid Kent Holdings plc	Ordinary	14.51%	Supply and distribution of water
	10% preference	31.47%	

All the subsidiary undertakings are incorporated in Great Britain and registered in England and Wales.

*Held directly by SAUR (UK) Limited

**Held via a subsidiary undertaking

Notes to the Financial Statements

for the year ended 31 March 1995

¹² STOCKS

Group

Raw material and consumables
Work in progress

	1995	1994
	£000	£000
	1,068	1,180
	500	632
	<u>1,568</u>	<u>1,812</u>

¹³ DEBTORS

Group

Amounts recoverable on contracts
Trade debtors
Other debtors
Prepayments
Amounts due from parent and fellow subsidiary undertakings

	1995	1994
	£000	£000
	390	713
	17,759	19,034
	5,892	6,159
	2,701	2,170
	393	892
	<u>27,135</u>	<u>28,968</u>

Other debtors include an amount of £92,000 (1994: £92,000) due after more than one year.

Company

Amounts falling due within one year:

Prepayments
Amounts due from subsidiary undertakings

	1995	1994
	£000	£000
	265	62
	3,335	5,082
	<u>3,600</u>	<u>5,144</u>

Amounts falling due after more than one year:

Amounts due from subsidiary undertaking

	1995	1994
	£000	£000
	17,912	17,912

Notes to the Financial Statements

for the year ended 31 March 1995

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1995	1994	1995	1994
	£000	£000	£000	£000
Redeemable debenture stock	10,009	1,000	-	-
Bank loans and overdrafts	1,349	4,311	-	-
Trade creditors	5,238	5,456	-	-
Other creditors including tax and social security:				
Net obligations under finance leases	2,805	2,626	-	-
Dividends payable	360	363	-	-
Corporation tax	2,138	1,679	-	-
ACT payable	9	5	-	-
Other taxes and social security	1,233	1,495	1	14
Other creditors	5,659	4,403	-	-
Accruals and deferred income	17,112	15,421	235	526
Deposits retained	841	934	532	-
Amounts owed to subsidiary undertakings	-	-	-	2,663
Amounts owed to parent and fellow subsidiary undertakings	14,327	14,924	15,234	10,335
	<u>61,080</u>	<u>52,617</u>	<u>16,002</u>	<u>13,538</u>
Redeemable debenture stock	1995	1994		
Maturing in less than one year:	£000	£000		
5% debenture stock redeemable at issuing company's option	9	-		
10% debenture stock 1995/98	9,000	-		
12½% debenture stock 1994/96	-	1,000		
10½% debenture stock 1995/97	<u>1,000</u>	<u>-</u>		
	<u>10,009</u>	<u>1,000</u>		

Notes to the Financial Statements

for the year ended 31 March 1995

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	1995 £000	1994 (Restated) £000	1995 £000	1994 £000
Irredeemable debenture stock	717	717	-	-
Redeemable debenture stock	14,900	24,909	-	-
Other term loans and creditors repayable:				
Between one and five years	83,924	83,214	-	-
After five years	-	-	49,699	49,061
Obligations under finance leases:				
Between one and five years	6,993	5,726	-	-
After five years	13,768	10,184	-	-
Amounts owed to parent undertaking	15,000	15,000	15,000	15,000
	<u>135,302</u>	<u>139,750</u>	<u>64,699</u>	<u>64,061</u>

Irredeemable debentures were disclosed at 31 March 1994 as minority interests because they were regarded as part of the permanent capital of the group. In order to comply with FRS4 the comparative figures have been restated to include them as creditors: amounts falling due after more than one year.

Irredeemable debenture stock				
	1995 £000	1994 £000		
3.5% perpetual stock			360	360
4% perpetual stock			87	87
5% perpetual stock			202	202
5.5% perpetual stock			5	5
6% perpetual stock			63	63
	<u>717</u>	<u>717</u>		

Interest on irredeemable debentures is paid six monthly at the fixed rates stated above.

Notes to the Financial Statements

for the year ended 31 March 1995

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

	1995	1994
	£000	£000
Redeemable debenture stock:		
Maturing after more than one year:		
10½% debenture stock 1995/97	–	1,000
10% debenture stock 1995/98	–	9,000
12½% debenture stock 2004	3,800	3,800
11½% debenture stock 2005/09	1,600	1,600
12% debenture stock 2010	3,500	3,500
11% debenture stock 2012/2016	3,000	3,000
10% debenture stock 2013/2017	3,000	3,000
5% debenture stock redeemable at issuing company's option	–	9
	<u>14,900</u>	<u>24,909</u>

All debenture stocks are redeemable at par in the year stated. Where more than one redemption year is quoted it is at the group's option to redeem the stock at any time between the dates stated.

Notes to the Financial Statements

for the year ended 31 March 1995

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Other term loans and creditors:

	Group		Company	
	1995 £000	1994 £000	1995 £000	1994 £000
Deposits retained	64	153	–	–
Term loans	83,860	83,061	49,699	49,061
	<u>83,924</u>	<u>83,214</u>	<u>49,699</u>	<u>49,061</u>

Term loans include a £50 million bond issued on 9 March 1994, redeemable on 9 March 2001 at the issue price adjusted by the Retail Price Index ("RPI") movement to that date. The expected duration of the bond for the purposes of the consolidated accounts is five years. The fixed finance costs net of issue costs and including a repurchase premium are charged at a constant rate over the expected term of the bond; additional interest which varies with the movement in the RPI is also payable and is charged to the profit and loss account each year. The group's repurchase premium is approximately £1.1 million. The bond is secured on the company's shareholding in SAUR Water Services plc, a wholly owned subsidiary undertaking.

Term loans also comprise £34 million (1994: £32 million) of drawings under the £92 million variable rate syndicated revolving loan facility. On 13 April 1995, the syndicated revolving loan facility was renegotiated until the year 2000. In 1994, there was also an 11% £2 million loan secured by a floating charge on the relevant subsidiary undertaking's assets which was repaid on 30 December 1994.

16 PROVISIONS FOR LIABILITIES AND CHARGES

Group	Provision for losses on long term contracts £000	Provision for infrastructure renewal and accrual £000	Provision for unfunded pension obligations £000	Total £000
Balance at 1 April 1994	513	1,547	2,070	4,130
Expended during year	(100)	(8,441)	(186)	(8,727)
Charged to profit and loss account during year	84	7,131	(76)	7,139
Balance at 31 March 1995	<u>497</u>	<u>237</u>	<u>1,808</u>	<u>2,542</u>
Company				

The company has a provision for deferred taxation of £3,368,000 (1994: £4,100,000).

Notes to the Financial Statements

for the year ended 31 March 1995

¹⁷ DEFERRED INCOME

	Infrastructure charges £000
Group	
Balance at 1 April 1994	7,857
Funds received	3,453
Amortised	(182)
At 31 March 1995	11,128

¹⁸ CALLED UP SHARE CAPITAL

	1995 £000	1994 £000
<i>Authorised</i>		
Ordinary shares of £1 each	31,800	31,800
<i>Called up, allotted and fully paid</i>		
Ordinary shares of £1 each	<u>31,800</u>	<u>31,800</u>

Notes to the Financial Statements

for the year ended 31 March 1995

19 CAPITAL RESERVES

Group	£000
At 1 April 1994	496,422
Goodwill arising in the year	(582)
At 31 March 1995	<u>495,840</u>

The capital reserve is attributable to the fair values of the fixed assets of the water company subsidiaries acquired exceeding the book values at the effective dates of acquisition. The fair values of all other assets and liabilities were considered to be equal to the book values.

The goodwill in the year arose from the following sources:

- acquisition of voting shares from the minority share holders of Industrial Environmental Services Limited;
- acquisition of Trehir Development Company Limited, a subsidiary undertaking; and
- acquisition of two unincorporated businesses.

20 PROFIT AND LOSS ACCOUNT

	Group £000	Company £000
At 1 April 1994	22,438	(8,978)
Profit/(loss) for the year	19,985	(120)
At 31 March 1995	<u>42,423</u>	<u>(9,098)</u>

The cumulative goodwill written off in the group amounted to £1,605,000 (1994: £1,023,000).

21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £000	1994 £000
Group	19,985	18,658
Profit for the financial year	–	24
Negative goodwill arising from acquisition of voting shares from minority	(582)	–
Goodwill written off	19,403	18,682
Net addition to shareholders' funds	550,660	531,978
Opening shareholders' funds	<u>570,063</u>	<u>550,660</u>
Closing shareholders' funds		

Notes to the Financial Statements

for the year ended 31 March 1995

22 MINORITY INTERESTS

	Non-voting shares £000	Voting shares £000	Total £000
Balance at 1 April 1994 as restated (note 15)	6,765	4,755	11,520
Share of profits before dividends	-	201	201
Minority share of dividends	-	(76)	(76)
Acquisition of subsidiary undertaking:			
Minority share of reserves	-	41	41
Balance at 31 March 1995	6,765	4,921	11,686
		1995	1994
		£000	£000
Non-voting shares issued by subsidiary companies:			
8.75% redeemable stock 1996		4,000	4,000
8.75% redeemable preference stock 1995		2,750	2,750
Non-equity minority interests		6,750	6,750
Ordinary non-voting £1 shares		15	15
Non-voting shares	6,765	6,765	6,765
Ordinary non-voting £1 shares		15	15
Ordinary voting £1 shares		4,921	4,755
Equity minority interests	4,936	4,936	4,770

Dividends of £629,000 (1994: £628,000) have been paid in respect of non-voting shares.

During the year, 81% of Trehir Development Company Limited was purchased for £70,000. This has been accounted for in these financial statements under acquisition accounting. There is no significant effect on the group's results.

Notes to the Financial Statements

for the year ended 31 March 1995

23 COMMITMENTS

Capital commitments

At 31 March 1995 the group had the following authorised commitments:

	£000
Contracted	13,984
Not contracted	2,991
	<u>16,975</u>

The company had no capital commitments at 31 March 1995.

24 OPERATING LEASES

The group's commitments in respect of operating leases are as follows:

	Land and buildings 1995 £000	Land and buildings 1994 £000	Other 1995 £000	Other 1994 £000	Total 1995 £000	Total 1994 £000
Amounts due in the following year on leases expiring:						
Within one year	75	3	46	136	121	139
Within two to five years	294	244	743	604	1,037	848
After five years	155	212	-	-	155	212
	<u>524</u>	<u>459</u>	<u>789</u>	<u>740</u>	<u>1,313</u>	<u>1,199</u>

Notes to the Financial Statements

for the year ended 31 March 1995

25 PENSIONS

The total pensions cost of the group for the year was £1,325,000 (1994: £1,485,000).

On 1 January 1993 two new pension schemes were introduced for group employees, the SAUR Water Services Plc Pension Scheme for water services employees and the ECOVERT Pension Scheme for environmental services employees.

Expenses of the scheme are met by the employer in addition to the contribution rates specified below.

The SAUR Water Services Plc Pension Scheme

The SAUR Water Services Plc Pension Scheme (SWSPS) replaces the benefits provided under the Water Companies Association Pension Scheme (WCAPS) and under the Surrey County Council Superannuation Fund (SCCSF). The SWSPS is funded and provides benefits on either a defined benefit basis or a defined contributions basis depending on the category of membership.

All the assets held within WCAPS and SCCSF schemes in respect of the group's employees and those ex-employees who had either deferred or actual pension entitlements were transferred to the SWSPS during 1993. Following this transfer, an actuarial valuation as at 1 January 1993 was carried out and contribution rates were set for group undertakings. The companies have contributed to the SWSPS at 8% of pensionable remuneration from 1 April 1993. Details of the most recent actuarial valuation and the most significant assumptions thereto are as follows:

Date of last actuarial valuation	1 January 1993
Actuarial method	Projected unit credit
Excess of investment returns over:	
General salary increases	3%
Pensions increases	5%
Market value of assets	£44.4 million
Level of funding	108%
Comments on material surplus or deficit	The excess of assets over accrued liabilities has arisen largely because past investment performance has been better than originally assumed.

The surplus shown is being recognised over the average service lives of employees and contributions for participating companies are based on costs across the group as a whole.

Notes to the Financial Statements

for the year ended 31 March 1995

25 PENSIONS (continued)

The ECOVERT Pension Scheme

The ECOVERT Pension Scheme (TEPS) is funded and provides benefits on a defined contributions basis to employees of the environmental sector of the group and on a defined benefits basis for certain employees transferred from Stalwart Environmental Services Limited. Employees may switch from defined contributions to defined benefit after 10 years company service. The group and the employees contributed to the scheme throughout the period of 1 April 1992 to 31 March 1995. Assets covering liabilities for the defined benefit scheme in respect of service prior to 1 April 1992 were transferred into TEPS during 1993. Following this transfer and the completion of an actuarial valuation as at 1 April 1993, contribution rates were set for the scheme. The group has contributed to TEPS at the rate of 8.5% of pensionable remuneration for the defined benefit scheme and in accordance with the scheme rules for all other members. The contributions have been charged to the profit and loss account for the year.

Other Schemes

Mid-Sussex and Eastbourne Water Companies have obligations for increases to former employees' pensions which are only partially funded by the East Sussex County Council Superannuation Scheme. Aggregate unfunded obligations of £1.8 million (1994: £2.1 million) on this scheme have been provided.

26

CONTINGENT LIABILITIES

Group

There are contingent liabilities arising from performance bonds in respect of group undertakings' contracts amounting to £571,000.

Company

The company has entered into cross guarantees with subsidiaries in relation to a composite bank accounting facility. There were no net borrowings from this facility at 31 March 1995.

In addition, the company has guaranteed commitments in relation to subsidiary undertakings as follows:

	31 March 1995	31 March 1994
	£000	£000
Performance bonds	74	202
Lease commitments	4,032	4,577
	<u>4,106</u>	<u>4,779</u>

Notes to the Financial Statements

for the year ended 31 March 1995

27 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995 £000	1994 (Restated) £000
Operating profit	33,955	33,872
Profit on disposal of fixed assets	(195)	(78)
Depreciation	9,088	8,810
Movement in provision for pensions	(262)	(41)
Movement in provision for infrastructure renewals	(1,310)	(410)
Movement in provision for losses on contracts	(16)	(241)
Amortisation of deferred income	(182)	(159)
Increase in trade creditors	208	2,346
Decrease/(increase) in trade debtors	1,796	(5,698)
Decrease/(increase) in stocks	244	(490)
Net cash inflow from operating activities	43,326	37,911

28 NET CASH OUTFLOW FROM FINANCING

	1995 £000	1994 £000
Repayment of loan from parent undertaking	–	(50,000)
Reclassification of balance due from parent undertaking	–	9,782
Redemption of redeemable debentures	(1,000)	(3,250)
Payment of deposits retained	(80)	(129)
Capital element of finance lease repayments	(2,775)	(2,741)
Drawdown/(redemption) of short term loans	803	(4,467)
New term loans	–	49,061
Drawdown under syndicated loan facility	2,000	1,000
Repayment of term loans	(2,000)	–
Net cash outflow from financing	(3,052)	(744)

Notes to the Financial Statements

for the year ended 31 March 1995

29 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING YEAR

	Cash £000	Overdrafts £000	Total £000
At 1 April 1994	2,942	(4,311)	(1,369)
Net cash inflow	542	2,962	3,504
At 31 March 1995	<u>3,484</u>	<u>(1,349)</u>	<u>2,135</u>

30 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital £000	Loans and finance lease obligations £000	Minority interest £000	Total £000
At 1 April 1994 as restated (note 15)	31,800	143,376	11,520	186,696
Cash outflow from financing	-	(3,052)	-	(3,052)
Dividends paid to minorities	-	-	(76)	(76)
Minority share of profits	-	-	201	201
Minority interests arising on purchase of subsidiary undertakings	-	-	41	41
Inception of finance lease contracts	-	7,806	-	7,806
At 31 March 1995	<u>31,800</u>	<u>148,130</u>	<u>11,686</u>	<u>191,616</u>

31 ULTIMATE PARENT UNDERTAKING

The smallest group of companies into which the results of the company are consolidated is that headed by SAUR International SA. The largest group of companies into which the results of the company are consolidated is that headed by SAUR SA. The companies ultimate parent undertaking is S.C.D.M. SA. All three parent undertakings are incorporated in France.