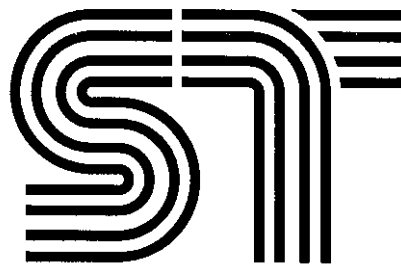


Severn Trent Plc

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Annual report and accounts 1994/95

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Severn Trent Plc is one of the world's largest companies specialising in water services and waste management. It is among the 100 largest listed companies in the UK and employs over 10,000 people.

In its first five years since privatisation, the group has spent over £2.6 billion on capital investment; improved efficiency and customer service significantly at Severn Trent Water; further developed Biffa Waste Services as a market leader in the UK and Belgium; and developed other specialised non-regulated businesses.

Its activities are:

Water and sewerage services – Severn Trent Water serves eight million people in the heart of Britain.

Waste management services – Biffa Waste Services operates collection, landfill and special waste services in the UK and in Belgium.

Operating and consultancy expertise – Severn Trent Water International operates mainly in North America and Europe.

Technology – Severn Trent Technology creates and markets new and existing technologies.

Customer service software – Severn Trent Systems provides utilities in the UK and USA with innovative software solutions.

Property – Severn Trent Property develops facilities primarily for distribution, retail and industrial sectors.

Financial highlights

	1994/5 £m	1993/4 £m
Turnover	1,076	998
Operating profit before exceptional item	374	329
Restructuring provision	(55)	—
Profit before tax (before exceptional item)	323	281
Profit before tax (after exceptional item)	268	281
Earnings per share before exceptional item	81.3p	72.7p
Gearing	24.8%	26.9%
Second interim dividend	3.84p	—
First interim and final dividends	25.03p	22.75p
Total dividends for the year	28.87p	22.75p

Chairman's statement

Group results

Although the year has not been without its challenges, the record of improvements in efficiency and cost control, particularly at Severn Trent Water, as well as an increased contribution from the non-regulated businesses, has resulted in group profit before tax of £267.5 million. This is after the £55 million exceptional provision established to cover the costs associated with the restructuring of the water business over the next two years which was announced with the interim results.

Before this provision, group profit before tax increased by 14.6 per cent to £322.5 million (£281.4 million) with turnover up by 7.9 per cent to £1,076 million (£998 million). Reported earnings per share were 66.0p (72.7p), but before accounting for the exceptional restructuring provision increased by 11.8 per cent to 81.3p per share. Severn Trent Water increased turnover by 7.2 per cent – slightly ahead of the regulated pricing formula – to £847.0 million (£789.8 million). The continuing close attention to costs at Severn Trent Water, and further productivity gains combined to limit the increase in direct operating costs, before the £55 million exceptional provision, to just 1.2 per cent, representing less than half the rate of inflation.

Biffa, the group's waste management business, increased sales by 25.5 per cent to £154.2 million (£122.9 million). Biffa's sales in the UK rose by 19.4 per cent, and sales in Belgium of £30.6 million (£19.4 million) reflected, in part, the acquisition of Cotrans in January 1994.

Operating profits at group level (before the exceptional provision) improved 13.5 per cent to £374.3 million (£329.7 million) with those of Severn Trent Water rising 11.7 per cent to £362.6 million (£324.6 million). Biffa produced a particularly strong improvement in operating profits of 22.5 per cent to £17.4 million (£14.2 million). The related businesses produced better performances with the small Technology unit increasing operating profit by 58 per cent. The group's financial position has strengthened further during the year. Net debt at the year end was £567.1 million which represented 24.8 per cent of shareholders' funds, compared with 26.9 per cent at the close of the previous year. Net interest charges of £51.8 million were covered 6.2 times by operating profit.

The small reduction in net debt, £8.7 million less than at 31 March 1994, reversed the pattern of increased borrowings in each year since privatisation. This was, primarily, the result of the reduction in the capital investment programme in Severn Trent Water. A broadly similar outcome is expected in 1995/96.

The group taxation charge amounted to £29.5 million compared



Ioannis Paleokrassas, EC Environment Commissioner, and Tina Beresford and Craig Barnett of Ley Hill Junior School in Birmingham opened the new Frankley water treatment works in October 1994. He is seen (right) with Richard Ireland, Severn Trent Plc Chairman; and Vic Cocker (left), Group Chief Executive.

with £21.2 million for the previous year. The taxation charge is equivalent to 11.0 per cent (1994: 7.5 per cent) of the group's profit before tax. The Accounting Standards Board is currently reviewing the treatment of deferred tax. Whilst the outcome of this review is not yet clear, the impact on the group's balance sheet is unlikely to be significant because of the long working life of the majority of the group's fixed assets.

Investment

A number of major investment projects were completed during the year, most notably the £70 million renewal of the Frankley water treatment plant which serves some 1.2 million customers in and around the City of Birmingham and was opened last October by Mr Ioannis Paleokrassas, the then European Commissioner for the Environment. As a result of this investment there have been significant improvements in the quality, taste and colour of the water produced by the plant and from which the natural trace elements of iron and manganese have been removed. Frankley is a flagship development for Severn Trent Water. It contains the largest dissolved air flotation plant of its kind and provides some of the highest quality water anywhere in the world.

The continuing investment programme enables Severn Trent Water to produce the UK's highest quality water at costs which are still amongst the very lowest in the industry. The past twelve months have also seen further significant improvements in customer service performance and in asset management; areas critical to successful utility management where Severn Trent Water believes that it has a major competitive advantage.

Efficiency dividends

Careful control of both capital expenditure and operating costs during the five years since privatisation has resulted in markedly improved efficiencies at Severn Trent Water. These improvements have been achieved whilst either meeting or, in many cases, exceeding all the targets that were agreed with the government and the regulators at the time of privatisation. The benefits of these significant achievements, which have enabled this company to make substantial cash savings, are being returned in equal parts to shareholders and customers.

The board has decided to pay a second interim dividend of 3.84p net per share payable on 21 July 1995 and proposes to pay a second interim dividend of 3.84p net per share thereafter in August in each of the following four years, at a total cost to the company of approximately £87 million inclusive of related advance corporation tax. It is, therefore, intended that shareholders will receive the benefit of three dividend payments this year and for each of the next four years.

In November 1994, Severn Trent was the first water and sewerage company to announce a reduction in domestic customers' bills. In February this was confirmed as a reduction of £4 for the year 1995/96 with a further reduction the following year. Full provision for the cost of these reductions, amounting to £23.5 million, has been made in the accounts for the year ended 31 March 1995.

In addition to the £4 reduction for 1995/96, it is proposed that Severn Trent Water's domestic customers who receive both water and sewerage services will benefit from a discount on their 1996/97 bills of £6.50, and the same amount in each of the next three years. The total discount to those customers will amount to £30 over the five year period. The total cost to Severn Trent of these measures will be approximately £87 million.

Each of these proposals has been discussed with the Director General of Water Services. He has indicated that equal sharing of benefits between shareholders and customers is consistent with his regulatory regime and that the allocation of benefits between customers of water and sewerage services is reasonable. Most importantly, he has also expressed a willingness to advise his successor that he supports each of the proposals.

The Director General has confirmed that cash payments to customers are generally preferable to discretionary investment and any future adjustment to the capital value of Severn Trent Water at the next periodic review would take account of cash savings already returned to customers. He also stated that on the basis of equal sharing of efficiency savings between customers and shareholders, he would anticipate no adjustment to balance sheet or financial ratios required for the purposes of financial modelling

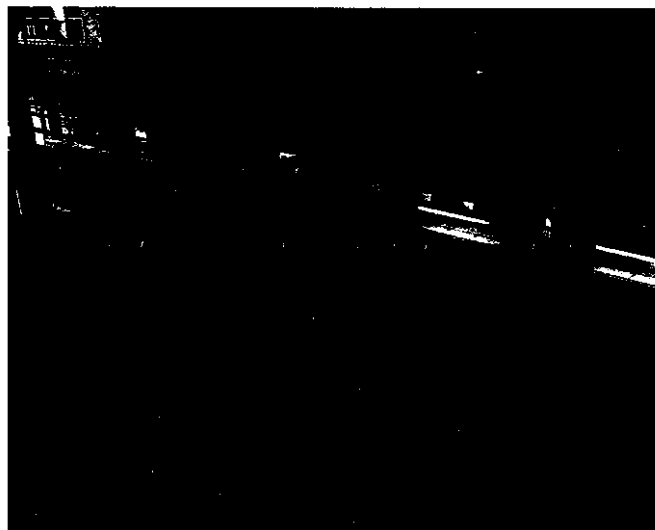
at the next periodic review. In addition, he accepts that it would be reasonable for discretionary investment, which is funded out of efficiency savings, to be included in the capital base at the next periodic review provided that it meets customer priorities.

The Director General was assured that customer priorities will be discussed with the Central Customer Services Committee of Ofwat. Looking to the future, we anticipate that continuing efficiency gains could allow further customer and shareholder benefits beyond the year 2000. The extent of such benefits, however, will depend on circumstances prevailing at the time and will have to take into account the then regulatory, business, economic and political climate. The payment and sharing of the benefits described above is dependent upon the board being satisfied that there is no change in the tax, regulatory or other legislative framework, nor there being any material adverse change in the financial position of the group, nor the occurrence of any other unforeseen circumstance which would affect its decision to share efficiencies in the manner outlined above, including the payment of a second interim dividend. The board of Severn Trent Plc accordingly reserves the right to review this policy.

Dividends

The task of managing a utility-related group of companies is a complex one. It is, above all, the board's aim to build for the long term a successful group of companies for the benefit of its shareholders, customers and employees. Equally, the board believes that this objective can only be met by managing effectively the customer, regulatory and economic pressures the group might encounter. To do so must be in the best interests of shareholders.

Frankley water treatment works serves 1.2 million people in Birmingham. It has now been completed at a cost of about £70 million.



The challenge for the management is to recognise and respond to the pressures affecting the business whilst remaining prudent and retaining sufficient funds, to build a secure long term future based on the requirements of the regulated business and the planned growth of the non-regulated businesses. These are principles to which the board remains committed. The proposed second interim dividend is an important step in this strategy in that it rewards shareholders in respect of past efficiencies but remains separate from other dividends which are, more usually, based on the group's financial performance. Clearly, it has been important to establish that the financial strength of the group remains secure and that adequate dividend and interest cover can be maintained after payment of the efficiency dividends to both customers and shareholders.

The board is recommending a final dividend of 16.80p per ordinary share, making 25.03p for the year (excluding the second interim dividend of 3.84p) which compares with 22.75p for the previous year. The level of dividend reflects the benefit of Severn Trent's continuing commitment to enhancing shareholder value by achieving further efficiencies within its regulated business and continuing to build a strong portfolio of utility-related non-regulated businesses.

Community affairs

As a major public company operating over some 8,000 square miles in the centre of England, the company is conscious of its responsibilities to the communities it serves. Much of its community affairs programme is completely altruistic. Severn Trent Water's education programme, which currently funds five teachers, welcomed over 21,000 children to its classrooms last year. More than five million people visited the company's sites during the year, with one million alone visiting Carsington Water and last month we welcomed the 100,000th visitor at the highly successful Come and See programme. In addition to financial support to the arts and charitable bodies Vic Cocker, the Group Chief Executive, is leading the Royal National Lifeboat Institution's £1 million appeal for a replacement 'Forward Birmingham' lifeboat.

Management

Vic Cocker succeeded Roderick Paul as Group Chief Executive on 1 April 1995 at the same time as Brian Duckworth, who was appointed a main Board Director in November last year, was appointed Managing Director of Severn Trent Water Limited. Martin Bettington, Managing Director of Biffa Waste Services Limited was also appointed to the main board in November 1994. Roderick Paul played an important part in taking Severn Trent

through the process of privatisation and in establishing its leadership position within the water industry. Similarly, Michael Upstone, who retires on 30 June 1995, has made a particularly valuable contribution to Severn Trent Water during his 21 year career with the company.

As we thank Roderick and Michael for their contributions to the group, we wish Vic Cocker and his newly appointed colleagues success in their new and demanding roles.

Employees


On behalf of the board, I thank all employees in the Severn Trent group for their continued dedication and support. It has been a year of substantial change which was not always comfortable for those involved, yet it is vital that we complete the transformation to a more dynamic and entrepreneurial culture. We deeply regret the departure of a number of our former colleagues who we wish well in their future endeavours. The board will, through training schemes and appropriate technology, support group employees as they grasp the new opportunities which lie ahead.

Outlook

Severn Trent Water has a tough and exacting task to perform, namely to supply its customers with high quality products and services at a reasonable cost. Its efforts to increase efficiency and quality will be unremitting.

The board believes that it has established a worthwhile international business which provides a good base for future development.

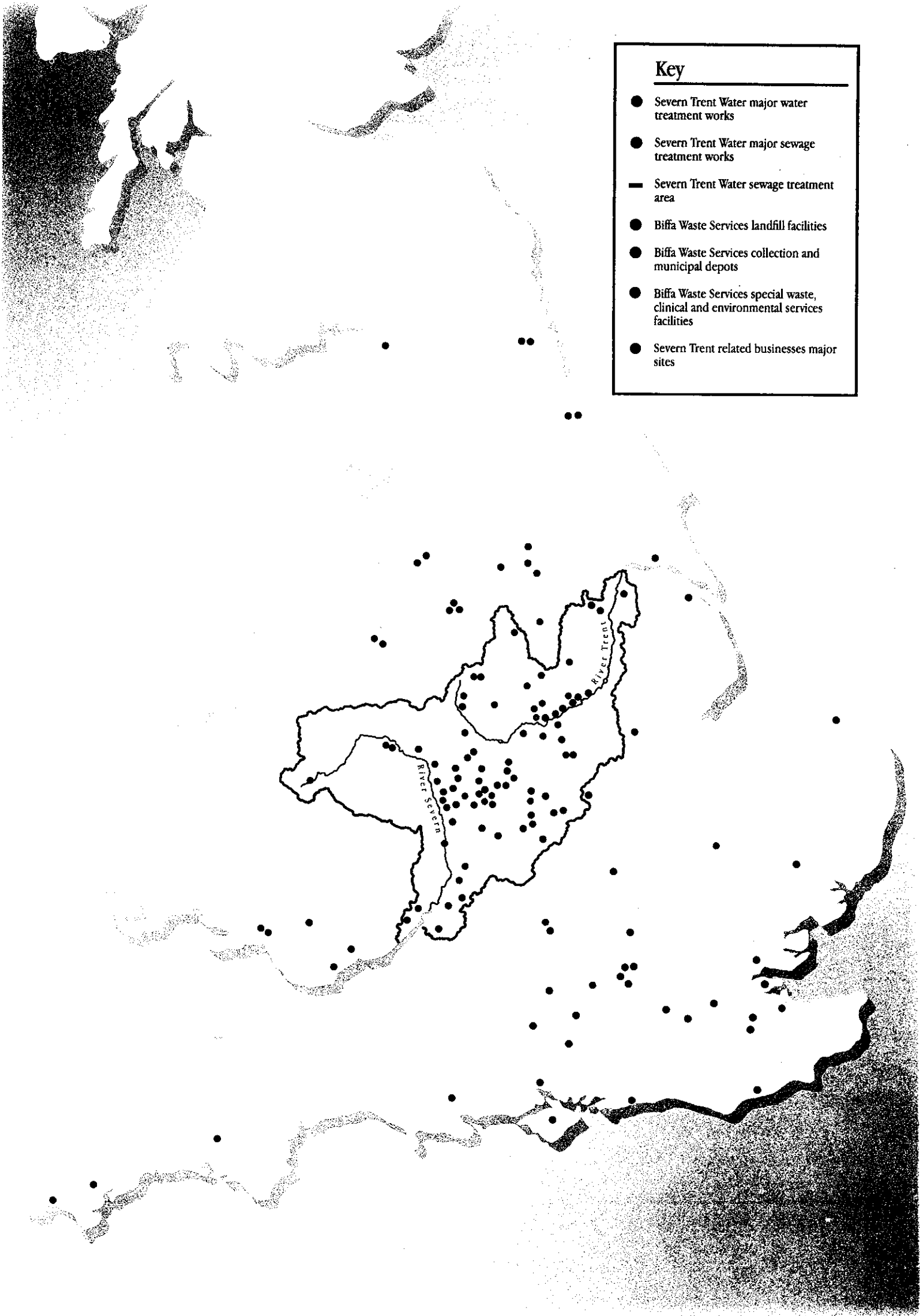
Despite the competitiveness of the market, the team at Biffa is determined to build on this year's success. The strength of the company's brand and its reputation in the industry are positive attributes as it seeks to increase its market share.



Richard Ireland
Chairman

Key

- Severn Trent Water major water treatment works
- Severn Trent Water major sewage treatment works
- Severn Trent Water sewage treatment area
- Biffa Waste Services landfill facilities
- Biffa Waste Services collection and municipal depots
- Biffa Waste Services special waste, clinical and environmental services facilities
- Severn Trent related businesses major sites



Chief Executive's review

Water and sewerage services

Turnover in Severn Trent Water, the UK regulated water business, increased by 7.2 per cent to £847.0 million. This was marginally above that which would normally have been derived from applying the RPI+K (6.7 per cent) pricing formula due, primarily, to a small increase in consumption by metered customers.

Operating profit, before the effect of the £55 million exceptional provision, increased by 11.7 per cent to £362.6 million. The provision is to be used for the restructuring of central support functions during the next two years and, when fully implemented, is expected to produce annual cost savings of approximately £20 million.

Biogas Generation Limited, a joint venture between Severn Trent Water and East Midlands Electricity to generate power from methane, has a power station at Wanlip sewage works. Its electricity is exported to the National Grid.

The focus on operating cost control and improved productivity has been maintained. Direct operating costs, excluding the effect of the £55 million exceptional provision, increased by only 1.2 per cent, less than half the rate of inflation. Following the reduction in employees by 459 in 1992/93 and 439 in 1993/94, staff numbers fell by a further 433 during the year to 6,324.

The £2.3 billion investment programme that was agreed with the government and the Director General of Water Services for the first five years since privatisation is now complete. The programme, which for 1994/95 amounted to £385.7 million, has enabled Severn Trent Water to produce the highest levels of quality and compliance at very low cost.

Since 1990, more than 7,000 kilometres of water pipes have been either upgraded or replaced as have 600 kilometres of sewers.

All improvements at water treatment works are on schedule.

Last year the National Rivers Authority announced a 15 per cent improvement in river water quality in the Severn Trent region, largely as a result of the improvement in the quality of the cleaned





water returned to waterways from Severn Trent Water's sewage treatment works.

Further improvements were made in customer service performance during the year. The number of complaints has halved during the past three years and the introduction of customer service standards, which go beyond those required by the Director General, is further evidence of Severn Trent's commitment to customer service.

The Working for Quality programme encourages involvement by employees at all levels and is designed to identify new and better ways of working to improve customer service performance.

This approach, together with remuneration schemes which link pay and performance, has made an important contribution to changing the culture of the organisation and to improving its efficiency.

Following the incident in 1994, when an unauthorised discharge of liquid waste went into the River Severn and passed through our water treatment works at Barbourne in Worcester, Severn Trent Water was fined £45,000 for supplying 'unfit' water. At the time of the incident plans were already in place to replace the Barbourne source with water from other locations in a scheme which will cost around £140 million. Last summer an unusually high level of demand led to a localised temporary hosepipe ban which affected some customers, principally in the south and west of our area.

Further investment has been made, and will continue over a two year period, to both our water resources and distribution systems to reduce future risks.

In July 1994 the Director General of Water Services announced that price increases for water and sewerage services will be limited to 0.5 per cent above inflation for the next five years. While recognising the stretching performance targets this sets, Severn Trent Water remains confident that the framework was one within which it could continue to produce the highest quality for charges which remain among the lowest in Europe.

In order to extend customer choice, a number of new payment methods were introduced. Independent research indicated a high level of customer satisfaction with WaterKey, the electronic pre-payment facility. WaterCard, a further new payment option, permits customers to pay weekly or fortnightly without incurring Post Office charges. The number of homes disconnected for non-payment was 557, the lowest figure for four years, and the level of debtors reduced.

The new Leicester Abbey sewer will alleviate flooding and take sewage from the City to a new expanded works.





Waste management services

Biffa, the group's waste management services business, performed strongly against fierce competition in both the UK and Belgian markets. The benefits from restructuring and expanding the sales teams produced a 25.5 per cent increase in turnover. The 22.5 per cent increase in operating profits reflected a combination of increases in landfill volumes and prices during the year, new contract wins and a full year contribution from Cotrans, the Belgian waste company.

Waste volumes in the UK collection division rose by 14 per cent. Six new municipal contracts began during the year and, since the year end, work has started on a seventh. The municipal contracts have proved an effective way of increasing market penetration and, as a result, commercial revenues associated with municipal contract locations increased by 34 per cent.

Void usage in the UK landfill division increased by 17 per cent and one new site became operational. Revenue per cubic metre improved by 13 per cent, compared with 6 per cent last year, and further price increases were implemented towards the end of the year. Biffa currently has some 41 million cubic metres of consented landfill capacity in the UK spread across 26 sites and a further 16

Biffa Waste Services are used nationally by British Telecom for waste disposal services ranging from dry waste collection to disposal of fluorescent tubes and chemicals.

million cubic metres of as yet unconsented capacity.

The market for special waste services continues to suffer from over-capacity. Consequently, Biffa has now withdrawn from some peripheral services to concentrate instead on an integrated approach to serving major industrial customers on a site-specific basis.

Biffa Belgium performed well. Volumes at the company's Cour au Bois landfill site increased. Costs in the collection fleet were reduced further by combining routes and depots as a result of the acquisition of Cotrans. The new pre-treatment centre in Antwerp became operational in April 1995. The facility is primarily for recycling and special waste. Work has started on planning for a new landfill activity in the Antwerp area, although the lead time for it to be operational is likely to be in excess of two years.

Biffa's strategy is to develop further as an integrated waste services provider offering collection, landfill and special waste capabilities.

A joint venture with Severn Trent Water – Biffa WasteWater – was launched during the year. The combination of skills from the water and waste operations is particularly important for customers who require expertise in water extraction, effluent treatment and de-sludging. Biffa is also active in developing specialist services with other Severn Trent group companies.

Whilst Biffa welcomes the proposed landfill tax, the company believes that it should be applied, not on an *ad valorem* basis, but rather as a levy by weight and waste category which would result in a more equitable application relative to the environmental costs of different types of waste.

Related services

Operating profit from the other non-regulated businesses increased to £1.7 million from a loss last year of £0.7 million. This result is after £2.9 million of market development costs in Severn Trent

The Howley Park landfill site uses the latest techniques including a multi-layer lining system, comprising impermeable high density polyethylene (HDPE) and clay elements together with graded drainage layers.

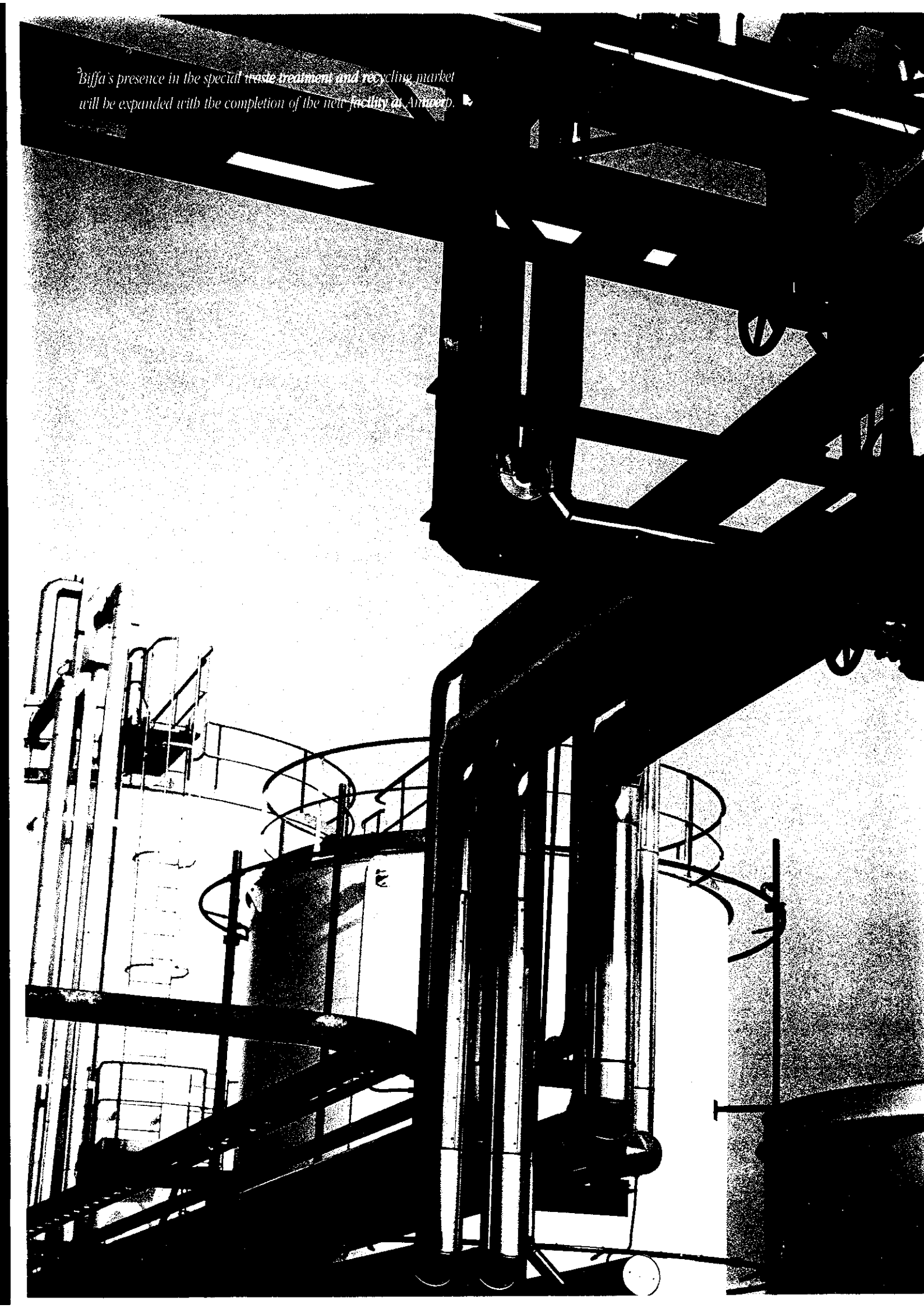
Water International without which its operating profit was £0.7 million. In the UK operating profit more than doubled to £2.5 million, largely as a result of a strong performance from the Technology businesses.

Turnover in Severn Trent Water International increased to £32.4 million. In the US, ST Environmental Services (STES) now operates a total of 22 major contracts located, predominantly, in the southern states and the eastern seaboard which involves the management of more than 150 water and wastewater treatment plants.

While the competition for contracts is intensifying – as the trend for contracting out the management of water utilities gathers momentum – the US continues to offer additional opportunities which STES is pursuing on a selective basis. Since the year end, the company was successful in winning a further contract in Florida, worth US\$28 million over five years. A prudent view has been taken of the group's involvement in Mexico and its likely outcome. Aquafin, in which Severn Trent Plc has a 20 per cent interest, continued to perform well.



Biffa's presence in the special waste treatment and recycling market will be expanded with the completion of the new facility at Amman.



In addition, Severn Trent Water International is working with the appropriate authorities to deliver water and waste water services in Swaziland, Puerto Rico, Mauritius and India.

Turnover in Severn Trent Systems was stable and the company is building its position in the utility market. Its new work management system is the only fully integrated software product for utilities to date and was selected by a number of leading utility organisations during the year.

The Technology businesses improved operating profits significantly due to effective cost control and strong results from Paperflow and Severn Trent Laboratories, which increased further its business in the industrial sector.

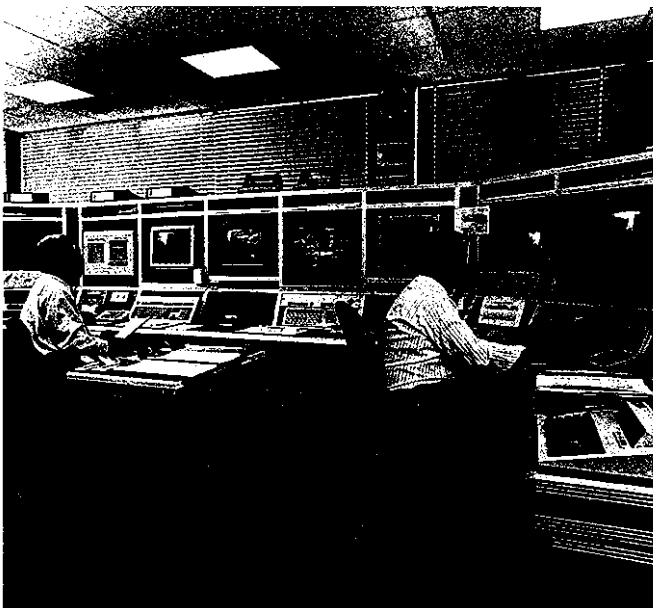
Severn Trent Property completed developments in the West Midlands and Swindon.

Community affairs

Severn Trent recognises the importance of playing an increasingly active role in the community which it serves, both as a responsible employer and as a major service industry.

During the past year, we have continued our close involvement with Business in the Community where a number of Severn Trent's district managers have worked closely with local business partners on community initiatives. Active support is given to Business in the Environment, aimed at raising the awareness of environmental issues in businesses of all sizes. Work with the Prince's Trust Volunteers Scheme has continued and employees have benefited from their involvement in working in local community projects.

Severn Trent Systems is a market leader in the supply of utility work management and customer account software to companies in Europe and the USA.



Severn Trent Laboratories has been able to expand its client base using its well-established facilities.

Development of our Education Centres has continued. We now have four classrooms established across the region which are used extensively by schools in conjunction with their normal curricula.

Charitable donations

Our charitable giving is aimed at supporting and supplementing our other activities and services to the community.

During the past year, over 350 individual causes have been supported through funds allocated either directly from the board Charitable Contributions Committee, or through the funds held by district managers, who are best placed to assess local needs and opportunities.

Causes which are given support are generally in education, medical care or children and young people's charities with particular emphasis given to local charities.

Severn Trent is playing a leading role in the RNLI appeal to raise £1.1 million for a new lifeboat at Exmouth and is also giving support, for a three year period, to the Princess Royal's Trust for Carers, for the development of a centre in Nottingham.

WaterAid, the water industry's own charity which helps to provide safe drinking water supplies in the poorer countries in the world, is given particular support. This charity is strongly supported by the industry's own employees through charitable giving, fund raising



and voluntary activities and is also strongly supported by customers, many of whom contribute when paying their water accounts. We are delighted that WaterAid is the recipient of the Stockholm Water Prize this year.

We made considerable progress in developing our group-wide environmental policy and we will publish shortly the third Environmental Report. Environmental protocols have been agreed for implementation across the group, and our data management systems are well developed. A series of training courses was held for employees throughout the group who have responsibilities directly relating to environmental matters. We also have an extensive programme of activity which is aimed at developing further our environmental affairs across the group.

Vic Cocker
Group Chief Executive



Financial review

Funding

The group's financial position has been further strengthened during the year ended 31 March 1995. Net debt at that date was £567.1 million which represented 24.8 per cent of shareholders' funds, compared with 26.9 per cent at 31 March 1994. Net interest charges of £51.8 million were covered 6.2 times by operating profit. The small reduction in net debt, £8.7 million less than at 31 March 1994, reversed the pattern of increased borrowings in each year since privatisation and was primarily the result of the reduction in the capital investment programme in Severn Trent Water. A broadly similar outcome is expected in 1995/96.

The group had total borrowing facilities at 31 March 1995 of £1,242.5 million, of which £786.2 million was utilised. The group had cash and short-term investments totalling £221.2 million at the year-end. £703.1 million of the total borrowing facilities are

Many large investment projects are nearing completion. Total capital expenditure for the year was £419 million compared with £485 million in 1993/4.

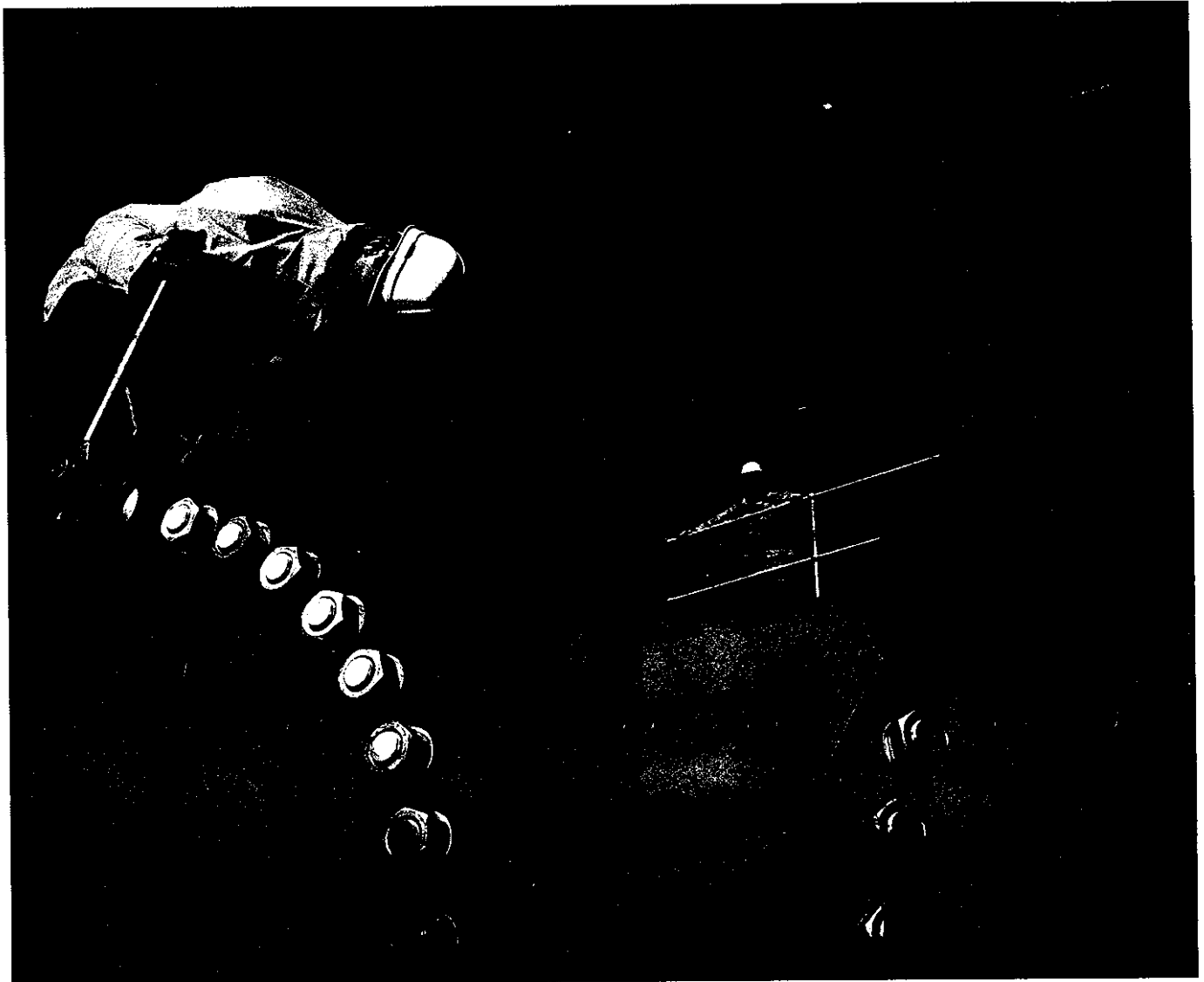
available only to Severn Trent Water, of which £491.8 million was utilised. Group policy requires that undrawn committed borrowing facilities together with cash and short-term investments should never be less than the anticipated cash requirements of the group for the following two years.

The maturity profile of the group's borrowings falling due for repayment after more than one year is detailed in note 16 to the financial statements.

Interest rates and foreign currency

The Treasury Committee of the board of Severn Trent Plc determines the group's policy as regards interest rate and foreign currency risk management.

Consistent with the long-term nature of many of the group's assets, the interest rates attaching to a significant proportion of the group's borrowings are either fixed or, if floating, the risk hedged through the use of interest rate swaps or forward rate agreements. Such transactions, and cash deposits and short-term investments, are carried out only with counterparties who are highly rated by the major credit rating agencies.



At 31 March 1995 interest rates on 60.8 per cent of the group's gross borrowings were either fixed, or hedged for periods ranging from four to seven years.

The group has invested in various assets located outside the UK and denominated in foreign currencies, principally the US dollar and the Belgian franc. At 31 March 1995, the sterling value of assets denominated in foreign currencies exceeded the sterling value of liabilities, including borrowings, in those currencies by £55.9 million. It is currently the policy of the group not to hedge the foreign currency translation risk associated with its net non-sterling assets. An unrealised net translation gain of £3.4 million arose in the year.

Group policy requires that the foreign exchange transaction risk on transactions exceeding £25,000 in value is at least 70 per cent hedged. Such transactions do not represent a material proportion of the group's business, which is carried out predominantly in the local currencies of the subsidiaries concerned.

Cash flow

The group has a strong cash flow from its operating activities, which generated £482.3 million in the year ended 31 March 1995 (1994: £441.1 million). Of this total, £449.5 million arose in Severn Trent Water and £32.8 million in Biffa. The group expended £302.5 million (1994: £337.6 million) on tangible fixed assets, net of disposals and grants received, including £269.6 million in Severn Trent Water and £28.9 million in Biffa. Investments, including loans to associated undertakings resulted in a net cash outflow of £5.5 million in the year, and £1.8 million cash outflow arose from the purchase of businesses and subsidiary undertakings.

After payment of net interest charges of £42.5 million, net dividends of £69.4 million and taxation of £20.8 million, the group had a cash inflow of £39.8 million for the year (1994: £90.2 million outflow). This amount, together with a £44.7 million reduction in cash and cash equivalents and £5.2 million net proceeds of shares issued, financed the purchase of £69.6 million net short term deposits and £20.1 million loan and finance lease repayments.

The major, regular source of cash outflow for the group's operations for the foreseeable future will be the capital investment programme in Severn Trent Water. The group is confident that this can be financed from the cash inflow from its operating activities and further utilisation of committed borrowing facilities, when required.

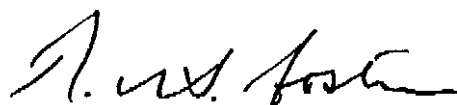
Taxation

The group taxation charge for the year ended 31 March 1995 amounted to £29.5 million (1994: £21.2 million). The charge comprised £18.5 million of advance corporation tax written off; mainstream UK corporation tax of £8.0 million, before double taxation relief of £1.4 million; £2.9 million of overseas taxation and

£1.5 million being the group's share of the taxation charges of associated undertakings.

The taxation charge is equivalent to 11.0 per cent (1994: 7.5 per cent) of the group's profit before taxation. This is significantly less than the UK standard rate of corporation tax of 33 per cent due principally to the impact of accelerated capital allowances, other timing differences between taxation and accounting treatments and the utilisation of tax losses arising in previous years.

With the reduction in the capital investment programme in Severn Trent Water and in the amount of tax losses carried forward, the effective tax rate on the group's UK profits is expected to increase, although for the foreseeable future the impact will be offset in part by advance corporation tax previously written off.



Alan Costin

Group Finance Director

Board of Directors

Severn Trent Plc's board currently has ten members, chosen for their wide experience of business and commerce and for their specialist knowledge.

Richard Ireland FCIS (61) Chairman

Mr Ireland joined the board in 1989 and was appointed Deputy Chairman in December 1992 and Chairman on 31 March 1994. He is a Trustee Director of the Severn Trent Pension Schemes. Mr Ireland is a non-executive Director of Wolseley plc, Schroder UK Growth Fund plc and Gartmore Shared Equity Trust Plc. He is Vice-President of the Birmingham Chamber of Industry and Commerce and was formerly the Group Finance Director of Wolseley plc.

Victor Cocker BA(Econ) FIWEM (54)

Appointed Group Chief Executive of Severn Trent Plc on 1 April 1995, Mr Cocker was appointed to the board in 1988. Mr Cocker joined Severn Trent in 1974, having previously worked in the gas industry. He specialised in regulatory planning and marketing functions and was the Managing Director of Severn Trent Water Limited from 1989 to March 1995. He is a non-executive Director of Aquafin NV and Chairman of the RNLI 'Forward Birmingham' lifeboat campaign.

Brian Duckworth BA FCCA (46)

Mr Duckworth joined the board in November 1994 and was appointed Managing Director of Severn Trent Water Limited on 1 April 1995. Mr Duckworth has been with Severn Trent since its formation in various financial roles and last year, as Customer Service Director, led the company in 'K' negotiations with the Director General of Water Services.

Alan Costin FCA (52)

Group Finance Director since May 1992, Mr Costin is also a Trustee Director of the Severn Trent Pension Schemes. A Chartered Accountant with many years' experience, Mr Costin was previously Finance Director of Lex Service Plc.

Michael P Upstone BSc FICE FIWEM (60)

Mr Upstone was appointed to the board in January 1991 and is Deputy Managing Director of Severn Trent Water Limited. Mr Upstone has been with Severn Trent since its formation and has over thirty years' experience in the water industry. Mr Upstone is to retire on 30 June 1995.

Martin J Bettington BSc MechEng MBA (42)

Mr Bettington joined the board in November 1994. He is the Managing Director of Severn Trent's waste management business, Biffa Waste Services. Mr Bettington was previously employed by BET Plc, Biffa's former holding company and has also worked for Marks & Spencer Plc, Towers, Perrin, Forster and Crosby and British Leyland.

Clare Tritton BA QC (59)*

Mrs Tritton joined the board in November 1991 and is also a Trustee Director of the Severn Trent Pension Schemes. Mrs Tritton has wide legal experience with emphasis on European Community Law and serves on the Monopolies and Mergers Commission and FIMBRA.

Andrew H Simon OBE BSc MBA (50)*

Mr Simon joined the board in October 1986. He was formerly Chairman of the Evode Group Plc and is now a non-executive Director of Laporte Plc, Istock PLC, Philip Harris plc, ERF (Holdings) plc and Associated British Ports Holdings PLC.

Roger H Boissier CBE (65)*

Mr Boissier was appointed to the board in October 1986. He is Chairman of Pressac Holdings Plc and a non-executive Director of British Gas Plc, T & N Plc, Kalon Group Plc (Chairman 1992-5) and a number of other companies.

Allen J Lloyd BSc MR Pharm S (46)*

Mr Lloyd joined the board in May 1994. In 1973 he founded Lloyds Chemists Plc and is currently its executive Chairman. The company was listed on The London Stock Exchange in 1986. Mr Lloyd is a member of the Pharmaceutical Services Negotiating Committee and a Director of the Company Chemists Association.

Company Secretary: D W Mattin FCCA

*non-executive Director

Board Committees

Membership of Board Committees is as detailed below:

Charitable Contributions Committee

M P Upstone (Chairman)
A H Simon and D W Mattin
(B Duckworth will be Chairman from 1 July 1995)

Remuneration Committee

A H Simon (Chairman), R H Boissier,
C Tritton, A J Lloyd and R Ireland
Secretary - D W Mattin

Audit Committee

A H Simon (Chairman), R Ireland and
A J Lloyd
Secretary - D W Mattin

Treasury Committee

R Ireland (Chairman) V Cocker,
R A S Costin and C Tritton
Secretary - D W Mattin

Investment Committee

R Ireland (Chairman), R H Boissier,
A H Simon, A J Lloyd and V Cocker
Secretary - D W Mattin

Nominations Committee

R Ireland (Chairman), R H Boissier,
A J Lloyd, A H Simon and C Tritton
Secretary - D W Mattin

Directors' report

The Directors present their Report, together with the audited financial statements of the group for the year ended 31 March 1995.

Principal activities

The principal activities of the group continued to be the supply of water and sewerage services, waste management and the development of businesses in related areas. These are described fully, together with a review of the group's business and future developments on pages 2 to 15, which should be read in conjunction with this report.

A list of the principal operating subsidiary and associated undertakings of the group at 31 March 1995 appears in note 23 to the financial statements on page 45.

Dividends and reserves

Details of dividends paid, payable and proposed are set out in note 8 on page 35. A second interim dividend of 3.84p net for each Ordinary Share will be paid on 21 July 1995 to shareholders on the register at the close of business on 6 July 1995. Subject to approval at the Annual General Meeting, the recommended final dividend of 16.80p net for each Ordinary Share will be paid on 2 October 1995 to shareholders on the register at the close of business on 6 July 1995. Proposed transfers to reserves are set out in note 19 to the financial statements on page 41.

Scrip dividends

A scrip dividend alternative will be offered on the final dividend, giving shareholders the opportunity to elect for new Ordinary Shares in the company instead of all or part of the cash dividend. Details will be sent to shareholders towards the end of July 1995.

Directors

Details of the current Directors are shown on page 16. Sir Richard Baker Wilbraham retired on 29 July 1994. Mr R S Paul retired on 28 April 1995. Mr M P Upstone is to retire on 30 June 1995.

Mr A J Lloyd was appointed a non-executive Director on 27 May 1994 and was subsequently re-appointed by shareholders at the last Annual General Meeting.

Mr B Duckworth and Mr M J Bettington were appointed Directors on 8 November 1994. Having been appointed since the last Annual General Meeting, they retire from the board in accordance with the Articles of Association and, being eligible, offer themselves for re-appointment.

Mr R A S Costin and Mrs C Tritton retire from the board by rotation and being eligible offer themselves for re-appointment.

Mr Bettington, Mr Costin and Mr Duckworth each have a Service Agreement with the company which provides for not less than two years' written notice of termination by the company and not less than six months' written notice of termination by the Director.

Mrs Tritton does not have a Service Agreement with the company although she has been appointed for a three year period which terminates on 6 April 1997 subject to re-appointment by rotation as appropriate.

The Directors of the company at 31 March 1995 and their interests in the shares of the company can be found in note 4 to the financial statements on pages 31 to 33.

No Director had an interest in the shares of any subsidiary undertaking. No contract significant to the company's business in which a Director had a material interest was entered into during the year.

Fixed assets

The changes in tangible fixed assets during the year are shown in note 10 to the financial statements on pages 35 and 36. Changes in fixed asset investments are shown in note 11 on pages 36 and 37.

Share capital

Details of movements in share capital are shown in note 18 to the financial statements on page 40.

A special resolution will be put to shareholders at the Annual General Meeting which, if passed, will authorise the Directors, until the conclusion of the Annual General Meeting to be held in 1996, to allot shares for cash in connection with a rights issue, and generally up to a specified aggregate nominal value. The special resolution is set out in full in the Notice of Meeting which accompanies the Report and Accounts.

Authority to purchase own shares

A company limited by shares is able to purchase its own shares if authorised to do so by its articles of association, and, if such purchases are to be made on a recognised investment exchange such as The London Stock Exchange, they are subject to the shareholders passing a resolution giving the company the necessary authority. Severn Trent's articles of association do presently allow the company to purchase its own shares and, if passed, this special resolution would provide the company with general authority to exercise the power to purchase its own shares. Your directors have no firm intention that the company should make purchases of its Ordinary Shares if the proposed authority becomes effective, but would like to be able to act quickly if circumstances arise in which they consider such purchases to be desirable, for example when, in the board's opinion, market prices do not reflect the company's worth. Purchases

will only be made on The London Stock Exchange and only in circumstances where the board believes that they are in the interests of both the company and its shareholders generally. Furthermore, purchases will only be made if the board believes that they would result in an increase in earnings per share. Such purchases will be financed out of profits lawfully available for distribution.

The proposed authority will be limited by the terms of the Resolution to the purchase of 36,390,093 Ordinary Shares, representing approximately 10 per cent of the company's issued ordinary share capital as at 31 March 1995. The minimum price per Ordinary Share payable by the company (exclusive of expenses), will be £1, the nominal value of each Ordinary Share. The maximum to be paid on any exercise of such authority (exclusive of expenses) will be an amount not more than 5 per cent above the average of the middle-market quotations for Ordinary Shares of the company as derived from The London Stock Exchange Daily Official List for the ten business days immediately preceding the date of each purchase. Shareholders should note that any shares purchased by the company will be cancelled and the number of shares in issue will accordingly be reduced.

The maximum number of shares and the permitted price range are stated for the purposes of compliance with statutory and London Stock Exchange requirements in seeking the authority and should not be taken as any representation of the number of shares (if any) which the company might purchase nor of the terms upon which the company would intend to make any such purchases.

Details of any Ordinary Shares purchased pursuant to the proposed authority will be notified to The London Stock Exchange by 8.30 a.m. on the business day following the date of dealing and to the Registrar of Companies within 28 days of purchase. They will also be reported in the company's Report and Accounts in respect of the financial year in which any such purchases take place.

The authority set out in the Resolution will expire on 1 August 1996 or, if earlier, the date of the Annual General Meeting in 1996, but in order to maintain your board's flexibility of action, it is envisaged that this authority may be renewed regularly at future Annual General Meetings of the Company.

Research and development

The group's research and development effort is focused on technologies needed to meet increasingly high regulatory standards in a cost effective manner, together with opportunities to achieve operational efficiencies. Initial application is targeted at the needs of group companies, but opportunities for commercial exploitation are taken whenever possible. Recent examples include rotating biological contactor (RBC) package plants and electro-rotation assay for *Cryptosporidium*. In 1994/95, the group expenditure on research

and development was £7.4 million compared to £8.3 million in 1993/94.

Contributions for political and charitable purposes

Donations to charitable organisations during the year amounted to £233,869 (1994: £171,137). No political donations were made during the year.

Employees

The group employed 10,308 people on 31 March 1995 (1994: 10,770) of which 6,324 (1994: 6,757) were employed by Severn Trent Water. A programme of staff reductions in support services was announced in Severn Trent Water, as part of the 'Towards 2000' initiative, which also involved the re-engineering of management responsibilities. Some employees left the group as a result of the sale of the toy testing business of Severn Trent Laboratories, and other employees joined the group as a result of Biffa winning a number of municipal waste contracts.

In Severn Trent Water a new staff review and reward system was negotiated with the trade unions and successfully introduced, and the 'Working for Quality' initiative continued as a major activity involving many employees.

A second year of the profit-related pay scheme was successfully implemented with over 98 per cent of employees in the UK participating and the first employee Sharesave scheme, introduced in 1990, reached maturity on 1 March 1995. A high level of training activity has been maintained with programmes leading to NVQ and BTEC qualifications playing a major part.

With all the initiatives for change which have been announced and introduced during the year, increased focus and time has been devoted to internal communications. There are well-established communication arrangements involving team meetings, special briefings, an in-house newspaper and long standing consultative arrangements, all of which have played a major part in the process of informing our employees about developments and changes throughout the year.

We remain committed to our policy of equal opportunities for all of our employees irrespective of sex, race, religion, marital status or disability.

Disabled persons

Our policy of giving full consideration to disabled persons wherever possible in employment, career development, training and promotion, as well as a commitment to retain employees who become disabled, continues in operation as it has done for many years.

Health and safety at work

Severn Trent continues to seek ways of improving its Health and Safety record across the full range of the group's activities. During the year a review of the Health and Safety management systems in the UK businesses has been carried out by the Loughborough University Centre for Hazard and Risk Management. We are now concentrating on the outcome of this review and adjusting strategic plans to take account of the findings.

The group Health and Safety Policy has been updated and applies to all businesses in the group and provides a solid foundation for steady improvements in performance.

Substantial shareholdings

As at 1 June 1995 the company had not been informed of any substantial shareholding in its issued ordinary share capital.

Close company status

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Accounts of Severn Trent Water Limited

Separate accounts for Severn Trent Water Limited are prepared and sent to the Director General of Water Services. A copy of these accounts can be obtained on written request to the Company Secretary at the address given on the back cover. There is no charge for this publication.

Directors' and officers' liability insurance

The company maintains insurance under Section 310(3) of the Companies Act 1985 for its Directors and Officers against certain liabilities in relation to the company.

Corporate governance

Following the introduction of the Cadbury Report on the financial aspects of corporate governance, the Directors have examined their compliance with the Code of Best Practice.

The Directors are able to report that the company has complied with the applicable provisions of the Code throughout the financial year.

Internal financial control

The board of Directors has overall responsibility for the group's system of internal financial control. The board has established an organisation structure with clear lines of accountability. Formalised processes are in place for the preparation, review and approval of business plans, budgets and investment proposals for the group as a whole and the individual operating units. Financial results and other key business monitors, including quality criteria, are monitored and

reported regularly and variances from approved budgets identified and used to initiate action.

The board has published internally a group Accounting Policies and Procedures Manual, which is supplemented in each business unit by financial and operating control procedures appropriate thereto. The group's treasury affairs are managed centrally and in accordance with its Treasury Policies and Procedures Manual. Compliance with these policies and procedures is monitored by management, by the group's internal auditors and, to the extent necessary to support their audit report, by the external auditors.

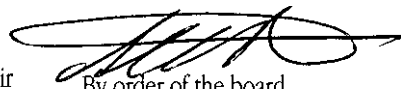
The board has established an Audit Committee which agrees audit strategies and receives reports from management on the published financial results of the group, and from the external auditors and the internal auditors on their findings. The board has also established a Treasury Committee which determines matters of treasury policy and whose approval is required for certain treasury transactions. Nevertheless, the board recognises that any such system of internal financial control can provide only reasonable, and not absolute, assurance against material mis-statement or loss.

Going concern

Based upon its review of the group's budget for 1995/96, outline business plans for the next two years and the committed borrowing facilities available to the group, the board has a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly the financial statements set out on pages 22 to 45 have been prepared on the going concern basis.

Auditors

A resolution proposing the reappointment of Price Waterhouse as auditors will be put to the Annual General Meeting.



By order of the board

D W Mattin

Company Secretary

12 June 1995

Directors' responsibilities in relation to the financial statements

The Directors are required by the Companies Act 1985 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 as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements on pages 22 to 45, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all Accounting Standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors 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 to the Directors on corporate governance matters

In addition to our audit of the financial statements we have reviewed your statements on page 19 concerning the group's compliance with the paragraphs of the Code of Best Practice specified for our review by The London Stock Exchange. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code not otherwise disclosed.

Basis of opinion

We carried out our review in accordance with Bulletin 1995/1 'Disclosures Relating to Corporate Governance' issued by the Auditing Practices Board. That bulletin does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of the group's corporate governance procedures, nor on the ability of the group to continue in operational existence.

Opinion

In our opinion the Directors' statement on going concern on page 19 has provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance for directors) and is not inconsistent with the information which came to our attention as a result of our audit work on the financial statements.

In our opinion, based on enquiry of certain Directors and Officers of the company and examination of relevant documents, your statement on page 19 appropriately reflects the group's compliance with the other paragraphs of the Code specified for our review.

Price Waterhouse *Price Waterhouse*

Price Waterhouse
Chartered Accountants
Cornwall Court
19 Cornwall Street
Birmingham B3 2DT
12 June 1995

Price Waterhouse



Auditors' report to the shareholders of Severn Trent Plc

We have audited the financial statements on pages 22 to 45 which have been prepared under the historical cost convention and the accounting policies set out on pages 26 to 28.

Respective responsibilities of Directors and Auditors

As described on page 20 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 judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

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

Opinion

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

Price Waterhouse

Chartered Accountants and Registered Auditors

Cornwall Court

19 Cornwall Street

Birmingham B3 2DT

12 June 1995

Price Waterhouse



Group profit and loss account

Year ended 31 March 1995

	Notes	1995 £m	1994 £m
Turnover	2	1,076.4	998.0
Operating costs before exceptional item		(704.1)	(668.7)
Restructuring provision		(55.0)	-
Total operating costs	3	(759.1)	(668.7)
Operating profit before share of results of associated undertakings		317.3	329.3
Share of results of associated undertakings		2.0	0.4
Operating profit	2	319.3	329.7
Net interest payable	6	(51.8)	(48.3)
Profit on ordinary activities before taxation		267.5	281.4
Taxation on profit on ordinary activities	7	(29.5)	(21.2)
Profit for the financial year		238.0	260.2
Dividends	8	(105.0)	(81.7)
Retained profit for the financial year	19	133.0	178.5
Earnings per share	9	66.0p	72.7p
Earnings per share before exceptional item	9	81.3p	72.7p

All activities are continuing operations.

Balance sheets

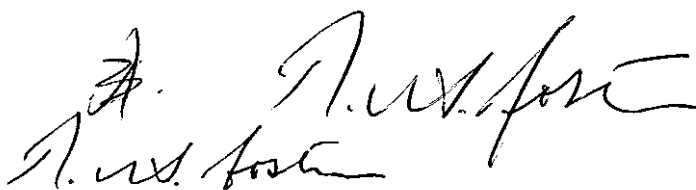
At 31 March 1995

	Notes	Group		Company	
		1995 £m	1994 £m	1995 £m	1994 £m
Fixed assets					
Tangible assets	10	3,217.8	3,002.3	7.4	7.7
Investments	11	30.5	27.4	1,346.3	1,331.3
		3,248.3	3,029.7	1,353.7	1,339.0
Current assets					
Stocks	12	36.2	23.8	-	-
Debtors	13	183.8	191.7	17.3	9.4
Short term deposits and investments	14	208.2	180.7	199.6	172.3
Cash at bank and in hand		13.0	17.3	-	-
		441.2	413.5	216.9	181.7
Creditors: amounts falling due within one year	15	(438.1)	(422.8)	(195.4)	(162.1)
Net current assets/(liabilities)		3.1	(9.3)	21.5	19.6
Total assets less current liabilities		3,251.4	3,020.4	1,375.2	1,358.6
Creditors: amounts falling due after more than one year	16	(849.4)	(805.8)	(277.8)	(278.0)
Provisions for liabilities and charges	17	(111.8)	(75.0)	-	-
Net assets		2,290.2	2,139.6	1,097.4	1,080.6
Capital and reserves					
Called up share capital	18	363.9	358.9	363.9	358.9
Share premium account	19	3.3	3.1	3.3	3.1
Profit and loss account	19	1,922.8	1,777.4	730.2	718.6
Shareholders' funds		2,290.0	2,139.4	1,097.4	1,080.6
Minority shareholders' interest		0.2	0.2	-	-
		2,290.2	2,139.6	1,097.4	1,080.6

Signed on behalf of the board who approved the accounts on 12 June 1995.



Richard Ireland *Chairman*



Alan Costin *Group Finance Director*

Group cash flow statement

Year ended 31 March 1995

	Notes	1995		1994	
		£m	£m	£m	£m
Net cash inflow from operating activities	22a		482.3		441.1
Returns on investments and servicing of finance					
Interest received		13.7		11.2	
Interest paid		(53.8)		(51.7)	
Interest element of finance lease rental payments		(2.4)		(3.5)	
Dividends received		2.1		0.3	
Dividends paid		(71.5)		(66.6)	
Net cash outflow from returns on investments and servicing of finance			(111.9)		(110.3)
Tax paid			(20.8)		(21.5)
Investing activities					
Purchase of tangible fixed assets		(334.5)		(371.0)	
Grants received		25.5		24.5	
Investment in associated undertakings		(3.2)		(2.9)	
Sale of associated undertakings		–		1.0	
Loans advanced to associated undertakings		(6.6)		(4.4)	
Loans repaid by associated undertakings		4.3		4.4	
Purchase of businesses and subsidiary undertakings	22b	(1.8)		(60.0)	
Sale of tangible fixed assets		6.5		8.9	
Net cash outflow from investing activities			(309.8)		(399.5)
Net cash inflow/(outflow) before financing			39.8		(90.2)
Financing					
(Purchase)/maturity of short term deposits		(69.6)		31.0	
Loans advanced		–		63.0	
Loans repaid		(5.6)		(4.0)	
Finance lease capital repaid		(14.5)		(14.4)	
Shares issued net of expenses		5.2		2.4	
Net cash (outflow)/inflow from financing	22c		(84.5)		78.0
Decrease in cash and cash equivalents	22d		(44.7)		(12.2)

Reconciliation of net debt movement with cash flow before financing

	Notes	1995 £m	1994 £m
Net cash inflow/(outflow) before financing (as above)		39.8	(90.2)
Shares issued net of expenses (as above)		5.2	2.4
Loans and finance lease obligations of subsidiary undertakings acquired during the year	22c	–	(2.7)
Inception of finance lease contracts	22c	(36.3)	(62.7)
Currency translation differences	22c	–	(0.2)
Reduction/(increase) in net debt	22e	8.7	(153.4)

Statement of total recognised gains and losses

Year ended 31 March 1995	Group	
	1995	1994
	£m	£m
Profit for the financial year	238.0	260.2
Currency translation differences	3.4	–
Total recognised gains and losses for the year	241.4	260.2

The company had no recognised gains or losses other than the profit for the year.

Historical cost profits and losses

There is no difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

Reconciliation of movements in shareholders' funds

	Notes	1995	1994
		£m	£m
Profit for the financial year		238.0	260.2
Dividends		(105.0)	(81.7)
		133.0	178.5
Other recognised gains and losses relating to the year		3.4	–
Shares issued (net of expenses)	18	5.2	2.4
Scrip dividend	19	10.2	8.5
Goodwill written off	19	(1.2)	(30.6)
Transfer on acquisition of an associated undertaking as a subsidiary undertaking		–	0.8
Net addition to shareholders' funds		150.6	159.6
Shareholders' funds at 1 April 1994		2,139.4	1,979.8
Shareholders' funds at 31 March 1995		2,290.0	2,139.4

Notes to the financial statements

Year ended 31 March 1995

1 Accounting policies

a Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards and, except for the treatment of certain grants and contributions, comply with the requirements of the Companies Act 1985 ('the Act'). An explanation of this departure from the requirements of the Act is given in the grants and contributions policy below.

b Basis of preparation

The financial statements include the results of Severn Trent Plc and its subsidiary and associated undertakings. The results of subsidiary undertakings acquired are included from the date of acquisition. The results of associated undertakings are accounted for on the equity basis where the company's holding is 20 per cent or more and the company exercises significant influence.

c Turnover

Turnover represents income receivable in the ordinary course of business for services provided.

d Tangible fixed assets and depreciation

Tangible fixed assets comprise:

i Infrastructure assets

Infrastructure assets comprise a network of systems being mains and sewers, impounding and pumped raw water storage reservoirs, dams and sludge pipelines.

Expenditure on infrastructure assets relating to increases in capacity or enhancements of the network is treated as additions and capitalised at cost after deducting grants and contributions.

Expenditure on maintaining the serviceability of the network in accordance with defined standards of service is charged as an operating cost (note 1f).

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.

ii Landfill sites

Landfill sites are included at cost less accumulated depreciation.

The cost of landfill sites is amortised over the estimated life of the site on the basis of the usage of void space using the annuity method of depreciation. Cost includes the cost of acquiring and developing sites but does not include interest.

Each landfill site is divided into a number of operational cells; the depreciation charge is calculated for each individual cell over the estimated life of the cell on the basis of the usage of the void space within the cell concerned.

iii Other assets

Other assets are included at cost less accumulated depreciation. Additions are included at cost. Freehold land is not depreciated. Other assets are depreciated over their estimated economic lives, which are principally as follows:

Buildings	30-60 years
Operational structures	40-80 years
Fixed plant	20-40 years
Vehicles, mobile plant and computers	3-10 years

Assets in the course of construction are not depreciated until commissioned.

e Leased assets

Where assets are financed by leasing arrangements which transfer substantially all the risks and rewards of ownership of an asset to the lessee (finance leases), the assets are accounted for as if they had been purchased and the corresponding capital cost is shown as an obligation to the lessor. Lease payments are treated as consisting of a capital element and a finance charge, the capital element reducing the obligation to the lessor and the finance charge being written off to the profit and loss account over the period of the lease in proportion to the capital amount outstanding. Depreciation is charged over the shorter of the estimated useful life and the lease period.

All other leases are accounted for as operating leases. Rental costs arising under operating leases are expensed in the year in which they are incurred.

f Infrastructure renewals accounting

The charge to the profit and loss account for infrastructure renewals expenditure takes account of planned expenditure on maintaining the serviceability of infrastructure assets in accordance with the operational policies and standards underlying Severn Trent Water Limited's investment programme, and is indexed to reflect the impact of price changes since the programme was prepared. Expenditure during the year is charged to the infrastructure renewals provision.

g Grants and contributions

Grants and contributions received in respect of non infrastructure assets are treated as deferred credits and are transferred to the profit and loss account in accordance with the asset lives of those assets.

Grants and contributions relating to infrastructure assets have been deducted from the cost of fixed assets. This is not in accordance with Schedule 4 to the Act, which requires assets to be shown at their purchase price or production cost and hence grants and contributions to be presented as deferred income. This departure from the requirements of the Act is, in the opinion of the directors, necessary to give a true and fair view as no provision is made for depreciation and any grants and contributions relating to such assets would not be taken to the profit and loss account. The effect of this departure is that the net book value of fixed assets is £104.1 million lower than it would otherwise have been (1994: £82.2 million).

h Investments

Investments held as fixed assets are stated at cost less amounts written off. Those held as current assets are stated at the lower of cost and net realisable value.

i Stocks

Stocks are stated at cost less any provision necessary to take account of damage and obsolescence. Work in progress is valued at the lower of cost and net realisable value. Cost includes labour, materials, transport and an element of overheads.

Development land and properties are included at the lower of cost and net realisable value. Cost includes the cost of acquiring and developing the sites.

j Landfill restoration costs

Provision for the cost of restoring landfill sites is made over the operational life of the site and charged to the profit and loss account on the basis of the usage of void space.

k Environmental control and aftercare costs

Environmental control and aftercare costs are incurred over the operational life of each landfill site and may be incurred for a considerable period thereafter. Provision for such costs is made over the operational life of the site and charged to the profit and loss account on the basis of the usage of void space.

l Tariff rebalancing costs

Provision for tariff rebalancing rebates is established when the related costs can be foreseen. Rebates are charged against these provisions as they are incurred.

1 Accounting policies (continued)

m Pension costs

Pension costs are determined by an independent actuary so as to spread the cost of providing pension benefits over the estimated period of employees' average service lives with the group.

n Foreign currency

The trading results of overseas subsidiary undertakings are translated into sterling using average rates of exchange. The balance sheets of overseas subsidiary undertakings are translated into sterling at the rates of exchange ruling at the year end. Exchange differences thus arising are dealt with through reserves, as are exchange differences on loans between group companies.

The cost of the company's investments in overseas subsidiary undertakings is translated into sterling at the rates of exchange ruling at the date of investment. All other foreign currency assets and liabilities of the company and its United Kingdom subsidiary undertakings are translated into sterling at the rates of exchange ruling at the year end except in those instances where forward cover has been arranged, in which case the forward rate is used. Any exchange differences so arising are dealt with through the profit and loss account.

Foreign currency transactions arising during the year are translated into sterling at the rate of exchange ruling on the date of the transaction. All profits and losses on exchange realised during the year are dealt with through the profit and loss account.

o Research and development

Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

p Deferred taxation

Deferred taxation relating to capital allowances and other timing differences is provided for to the extent it is probable that a liability will crystallise.

q Advance corporation tax

Advance corporation tax paid and payable in respect of dividends is set off against UK mainstream corporation tax or deferred tax to the extent possible, otherwise it is written off to the profit and loss account.

r Goodwill

Goodwill represents the difference between the cost of acquisitions and the fair value of the net tangible assets acquired. Goodwill is written off to reserves in the year of acquisition.

2 Segmental analysis

a Analysis of turnover and operating profit by geographical origin and type of business

	United Kingdom		Other – principally Europe and USA		Group	
	1995 £m	1994 £m	1995 £m	1994 £m	1995 £m	1994 £m
Turnover						
Water and sewerage services	847.0	789.8	–	–	847.0	789.8
Waste management	123.6	103.5	30.6	19.4	154.2	122.9
Related businesses	71.6	87.9	50.7	51.6	122.3	139.5
Inter segment trading	(47.1)	(54.0)	–	(0.2)	(47.1)	(54.2)
	995.1	927.2	81.3	70.8	1,076.4	998.0
Operating profit						
Water and sewerage services	362.6	324.6	–	–	362.6	324.6
Exceptional restructuring provision	(55.0)	–	–	–	(55.0)	–
Water and sewerage services after exceptional item	307.6	324.6	–	–	307.6	324.6
Waste management	12.1	10.8	5.3	3.4	17.4	14.2
Related businesses	2.5	0.9	(0.8)	(1.6)	1.7	(0.7)
	322.2	336.3	4.5	1.8	326.7	338.1
Corporate overheads					(7.4)	(8.4)
					319.3	329.7

Details of the principal operating subsidiaries by type of business are set out in note 23.

Turnover by origin and destination does not differ materially. Comparative figures for turnover have been restated to identify separately inter segment trading.

b Analysis of net operating assets by geographical location and type of business

	United Kingdom		Other – principally Europe and USA		Group	
	1995 £m	1994 £m	1995 £m	1994 £m	1995 £m	1994 £m
Water and sewerage services	2,818.4	2,673.3	–	–	2,818.4	2,673.3
Waste management	88.1	83.6	24.4	12.9	112.5	96.5
Related businesses	22.5	14.7	38.5	34.9	61.0	49.6
Net operating assets	2,929.0	2,771.6	62.9	47.8	2,991.9	2,819.4
Short term deposits and investments, cash, borrowings, obligations under finance leases, taxation balances and dividends payable					(701.7)	(679.8)
					2,290.2	2,139.6

3 Operating costs

	Before exceptional restructuring provision 1995 £m	Exceptional restructuring provision 1995 £m	Total 1995 £m	1994 £m
Employee costs (note 5)	230.9	43.8	274.7	226.1
Hired and contracted services	43.6	–	43.6	40.5
Power	39.1	–	39.1	39.2
Raw materials and consumables	43.2	–	43.2	39.7
Rates	37.7	–	37.7	34.5
Service charges	14.8	–	14.8	16.7
Agencies	18.5	–	18.5	17.5
Waste disposal costs	22.7	–	22.7	16.2
Other operating costs	101.4	2.0	103.4	123.3
Depreciation – on owned assets	100.4	–	100.4	87.5
– on assets held under finance leases	8.5	–	8.5	7.1
Infrastructure renewals charge (note 17a)	51.8	–	51.8	72.3
Environmental and landfill restoration costs (note 17a)	3.9	–	3.9	1.4
Tariff rebalancing costs	23.5	–	23.5	–
Operating lease rentals – land and buildings	2.8	–	2.8	2.7
– other	3.0	–	3.0	2.8
Hire of plant and machinery	5.7	–	5.7	2.6
Research and development expenditure	7.4	–	7.4	8.3
Auditors' remuneration – audit work	0.5	–	0.5	0.5
– non audit work	0.2	–	0.2	0.3
Tangible fixed assets write off	–	9.2	9.2	–
Profit on disposal of fixed assets	(1.6)	–	(1.6)	(3.9)
	758.0	55.0	813.0	735.3
Own work capitalised	(53.9)	–	(53.9)	(66.6)
	704.1	55.0	759.1	668.7

Included in the auditors' remuneration is £42,000 (1994: £42,000) in respect of the audit of the company.

4 Information regarding Directors

a Directors' emoluments

Executive Directors

Emoluments 1994/1995	M J Bettington Appointed 8/11/94 £'000	V Cocker £'000	R A S Costin £'000	B Duckworth Appointed 8/11/94 £'000	R S Paul (Highest Paid) £'000	M P Upstone £'000	Total 1995 £'000	Total 1994 £'000
Basic salary	38.0	155.4	147.9	38.5	177.9	114.2	671.9	
Performance payments	10.8	34.7	32.5	7.7	39.1	26.0	150.8	
Other (including benefits in kind)	3.4	10.6	9.9	3.8	7.2	11.4	46.3	
Emoluments excluding pension contributions	52.2	200.7	190.3	50.0	224.2	151.6	869.0	
Pension contributions	11.2	78.5	32.3*	18.1	90.6	57.2	287.9	
Emoluments including pension contributions	63.4	279.2	222.6	68.1	314.8	208.8	1,156.9	

Emoluments 1993/1994	V Cocker £'000	R A S Costin £'000	R S Paul (Highest Paid) £'000	M P Upstone £'000	Total 1994 £'000
Basic salary	137.4	143.7	173.7	94.9	549.7
Performance payments	30.6	30.6	36.9	21.1	119.2
Other (including benefits in kind)	12.2	8.8	7.5	12.4	40.9
Emoluments excluding pension contributions	180.2	183.1	218.1	128.4	709.8
Pension contributions	65.4	31.5*	83.9	45.6	226.4
Emoluments including pension contributions	245.6	214.6	302.0	174.0	936.2

*See note (iii)

Chairman

Fees					
Salary				22.5	-
Special salary				-	158.7
Performance payments				77.5	-
Benefits in kind				-	8.4
				-	6.5
Emoluments excluding pension contributions				100.0	173.6
Pension contributions				-	56.7
Emoluments including pension contributions				100.0	230.3
Non-executive Directors					
Fees				83.3	115.8
Other				11.6	37.9
				94.9	153.7
Total Directors' emoluments				1,351.8	1,320.2

4 Information regarding Directors (continued)

Emoluments (excluding pension contributions) of the Directors of the company were within the following bands:

	1995	1994		1995	1994
	No.	No.		No.	No.
£ 5,001 – 10,000	1	2	£ 125,001 – 130,000	–	1
£ 15,001 – 20,000	1	–	£ 150,001 – 155,000	1	–
£ 20,001 – 25,000	2	3	£ 170,001 – 175,000	–	1
£ 25,001 – 30,000	1	–	£ 180,001 – 185,000	–	2
£ 30,001 – 35,000	–	1	£ 190,001 – 195,000	1	–
£ 40,001 – 45,000	–	1	£ 200,001 – 205,000	1	–
£ 45,001 – 50,000	1	–	£ 215,001 – 220,000	–	1
£ 50,001 – 55,000	1	–	£ 220,001 – 225,000	1	–
£ 95,001 – 100,000	1	–			

- i Hay Management Consultants Limited ('Hay') has advised the Remuneration Committee of the board on the pay, bonus and conditions of employment appropriate for the Directors of Severn Trent Plc since 1989.

The salaries of the Chairman and the executive Directors are within the range of market salaries advised by Hay to the board. Hay took the following matters into account in coming to its conclusions:

- the regulated and constrained nature of the water and sewerage business;
- the monopoly supplier position of Severn Trent Water;
- the scale of the capital programme;
- the need to achieve targets set by the regulators over a wide range of issues including water quality and customer service; and
- the development of the unregulated businesses.

The bonus scheme applicable for the year ended 31 March 1995 was designed to reward performances in achieving growth, improving actual performance over plan and achieving quality standards. The maximum bonus payable to Executive Directors was 25 per cent of basic salary at 31 March 1995. In the event the bonus approved by the Remuneration Committee amounted to 21.7 per cent.

- Under the group's pension arrangements, the existing executive Directors are entitled to a pension which, on retirement at age 60 with at least 20 years' service would amount to two-thirds of their final pensionable pay, subject to Inland Revenue limits. Part of this entitlement is convertible into cash at the date of retirement. In common with most other schemes the group's pension arrangements, which have been approved by the Inland Revenue, also provide executive Directors with additional benefits including life assurance cover amounting to four times pensionable pay during their employment as well as pensions payable in the event of ill health and pensions payable to dependants on death.
- The company has a future obligation in respect of Mr R A S Costin to pay the difference between his pension entitlement based upon the relevant portion of his final salary and the maximum amounts payable under the rules of the pension scheme. The amount charged to the profit and loss account for this future obligation is £53,026 for the current year and a further £36,204 in respect of prior years. (1994: £37,364).
- As reported last year, the former Chairman received £404,829 compensation for early termination of his service contract and an amount of £107,797 was paid in relation to future pension contributions.
- Non-cash benefits included in the total emoluments consist of the provision of cars and health care insurance.
- The executive Directors have service contracts with the company which provide for not less than two years' written notice of termination by the company and not less than six months' written notice of termination by the Director.
- The non-executive Directors each receive fees of £20,000 per annum. Non-executive Directors' fees have not been increased since 1991. Severn Trent reimburses non-executive Directors' expenses for attending meetings. Neither the non-executive Directors nor the Chairman participate in any of the share schemes, bonus schemes or pension schemes.

b The Directors of the company at 31 March 1995 and their interests in the shares of the company were as follows:

Executive Directors			M J Bettington No. of shares	V Cocker No. of shares	R A S Costin No. of shares	B Duckworth No. of shares	R S Paul No. of shares	M P Upstone No. of shares
Beneficial holdings in Ordinary Shares								
At 1 April 1994			–†	9,785	892	9,764†	41,562	7,597
At 31 March 1995			–	16,248	972	15,900	44,323	8,004
At 1 June 1995			–	16,349	974	9,925	n/a	8,135
Options under approved schemes								
Date of grant	Normal date of exercise	Option price						
Executive Share Options								
Jan 1992	1995-2002	311p	14,630	24,308	–	12,676	34,032	18,906
Mar 1993	1996-2003	497p	9,808	19,315	58,350	10,462	26,660	13,682
Dec 1993	1996-2003	625p	7,800	13,307	18,560	8,528	–	–
At 1 April 1994 and 31 March 1995			32,238†	56,930	76,910	31,666†	60,692	32,588
No Executive Share Options were granted or exercised during the year.								
Sharesave Options								
Dec 1989	1995 or 1997	176p	–	6,136	–	6,136	6,136	6,136
Jan 1992	1997 or 1999	257p	–	2,918	–	3,501	2,918	2,918
Jan 1993	1998 or 2000	360p	5,034	–	–	–	–	–
At 1 April 1994			5,034†	9,054	–	9,637†	9,054	9,054
Granted during the year								
Jan 1995	2000 or 2002	415p	–	2,493	–	2,493	–	–
Exercised during the year*								
Dec 1989		176p	–	(6,136)	–	(6,136)	(6,136)	(6,136)
At 31 March 1995			5,034	5,411	–	5,994	2,918	2,918
Total options at 31 March 1995			37,272	62,341	76,910	37,660	63,610	35,506
Total options at 1 April 1994			37,272†	65,984	76,910	41,303†	69,746	41,642
Market price of shares at 31 March 1995			514p					
Range during the year			462p to 606p					
*Market price of shares at exercise dates			508p			508p	527p	508p

Chairman and non-executive Directors			R H Boissier No. of shares	R Ireland No. of shares	A J Lloyd No. of shares	A H Simon No. of shares	C Tritton No. of shares	
Beneficial holdings in Ordinary Shares								
At 1 April 1994				1,035	1,000	–†	5,060	2,365
At 31 March 1995				1,080	1,044	–	5,060	2,460
At 1 June 1995				1,098	1,060	–	5,060	2,500

† At date of appointment.

Options are not granted to non-executive Directors or the Chairman.

Options have been granted and exercised in accordance with the Severn Trent Executive Share Option Scheme and the Severn Trent Sharesave Scheme as appropriate. There was no change in the number of options held by Directors between the year end and 1 June 1995.

There was no cost to Directors of options granted under the above Schemes. No options granted to Directors lapsed during the year.

At 31 March 1995, there were 128 other executives participating in the Executive Share Option Scheme (1994: 133).

Directors and employees of Severn Trent Plc and all UK subsidiaries are eligible to participate in the company's Sharesave Scheme provided that they satisfy the scheme eligibility criteria.

5 Employees	Before exceptional restructuring provision	Exceptional restructuring provision	Total	
	1995	1995	1995	1994
	£m	£m	£m	£m
Wages and salaries	199.8	32.4	232.2	195.6
Social security costs	18.6	--	18.6	18.2
Pension costs (note 21)	12.5	11.4	23.9	12.3
	230.9	43.8	274.7	226.1
Average number of employees during the year (full time equivalent)			1995 No.	1994 No.
By type of business:				
Water and sewerage services			6,531	6,954
Waste management			2,202	1,955
Related businesses			1,895	1,874
			10,628	10,783
By geographical location:				
United Kingdom			9,533	9,849
Other—principally Europe and USA			1,095	934
			10,628	10,783
6 Net interest payable			1995 £m	1994 £m
Interest receivable and similar income			15.1	14.5
Interest payable and similar charges:				
Bank loans, overdrafts and other loans repayable within five years			(14.3)	(14.0)
Loans repayable after more than five years			(40.6)	(39.9)
Finance leases			(12.0)	(8.9)
			(51.8)	(48.3)
7 Taxation on profit on ordinary activities			1995 £m	1994 £m
UK corporation tax at 33%			8.0	1.3
Double taxation relief			(1.4)	(0.2)
Overseas taxation			2.9	0.9
Share of taxation charges of associated undertakings			1.5	1.5
Advance corporation tax – current year			20.1	19.5
– prior year			(1.6)	(1.8)
			29.5	21.2

The corporation tax charge for the year has been reduced by the excess of capital allowances over depreciation. No provision for deferred taxation is required for the year ended 31 March 1995. If the full potential liability to deferred taxation had been provided on an ongoing basis, there would have been an additional tax charge of £16.7 million (1994: £10.9 million, restated to exclude the effect of capital allowances on infrastructure assets as set out in note 17b).

At 31 March 1995, the group had tax losses of approximately £20.0 million (1994: £113.0 million) which will be available for offset against future trading profits.

8 Dividends	1995		1994	
	Pence per share	£m	Pence per share	£m
Interim dividend declared	8.23	29.8	7.55	27.1
Second interim dividend declared	3.84	14.0	-	-
Final dividend proposed	16.80	61.2	15.20	54.6
	28.87	105.0	22.75	81.7

9 Earnings per share

Earnings per share are calculated on the net basis on earnings of £238.0 million (1994: £260.2 million), divided by 360.4 million Ordinary Shares being the average number of shares in issue during the year (1994: 357.9 million). For the year ended 31 March 1995, earnings per share are also shown calculated on earnings of £293.0 million, being earnings before the exceptional restructuring provision, since the Directors consider that this gives a useful additional indication of underlying performance.

The exercise of outstanding share options would not materially dilute earnings per share.

10 Tangible assets

	Group			Company
	Land and buildings £m	Infrastructure assets £m	Plant and equipment £m	Total £m
Cost				
At 1 April 1994	1,211.7	1,294.6	1,116.2	3,622.5
Additions	90.0	103.4	160.5	353.9
Grants and contributions	-	(21.9)	-	(21.9)
Disposals	(3.6)	(1.6)	(23.9)	(29.1)
Reclassification of assets	3.8	0.8	(1.0)	3.6
Exchange adjustments	0.9	-	1.6	2.5
At 31 March 1995	1,302.8	1,375.3	1,253.4	3,931.5
Depreciation				
At 1 April 1994	310.3	-	309.9	620.2
Charge for year	28.4	-	80.5	108.9
Disposals	(1.3)	-	(15.0)	(16.3)
Exchange adjustments	0.2	-	0.7	0.9
At 31 March 1995	337.6	-	376.1	713.7
Net book value				
At 31 March 1995	965.2	1,375.3	877.3	3,217.8
At 31 March 1994	901.4	1,294.6	806.3	3,002.3

10 Tangible assets (continued)

i Included in tangible fixed assets are assets held under finance leases as follows:

	1995 £m	1994 £m
Cost	205.0	189.1
Accumulated depreciation	(41.5)	(38.4)
Net book value	163.5	150.7

ii Grants and contributions received relating to infrastructure assets have been deducted from the cost of fixed assets in order to show a true and fair view as set out in note 1g.

iii The net book value of land and buildings is analysed as follows:

	1995 £m	1994 £m
Freehold	953.7	892.9
Long leasehold	1.1	3.1
Short leasehold	10.4	5.4
	965.2	901.4

iv The net book value of land and buildings includes £44.6 million (1994: £42.9 million) in respect of landfill sites.

v Included in the above are the following tangible fixed assets not subject to depreciation:

	1995 £m	1994 £m
Land	21.8	21.0
Infrastructure assets	1,375.3	1,294.6
Assets in the course of construction	356.7	412.8
	1,753.8	1,728.4

vi At 31 March 1995 the company's tangible fixed assets comprised freehold land and buildings with a net book value of £6.3 million (1994: £6.4 million) and plant and equipment with a net book value of £1.1 million (1994: £1.3 million).

11 Investments

Group	Interests in associated undertakings £m	Other investments £m	Total £m
At 1 April 1994	27.0	0.4	27.4
Additions	5.5	-	5.5
Transfer to subsidiary undertaking	(0.7)	-	(0.7)
Share of profits	0.5	-	0.5
Provisions	(2.3)	-	(2.3)
Dividends received	(2.1)	-	(2.1)
Currency translation differences	2.2	-	2.2
At 31 March 1995	30.1	0.4	30.5

Interests in associated undertakings at 31 March 1995 comprised the group's share of net assets less provisions of £21.7 million (1994: £20.1 million) and loans of £8.4 million (1994: £6.9 million).

11 Investments (continued)

Company	Subsidiary undertakings		Associated undertakings	Other investments	Total
	Shares £m	Loans £m	£m	£m	£m
At 1 April 1994	1,219.1	111.2	0.8	0.2	1,331.3
Additions	8.2	6.6	0.2	–	15.0
At 31 March 1995	1,227.3	117.8	1.0	0.2	1,346.3

Interests in associated undertakings at 31 March 1995 comprised cost of investment, net of provisions, of £0.8 million and loans of £0.2 million.

Brief details of the principal operating subsidiary and associated undertakings of the group are set out in note 23.

12 Stocks

	Group	
	1995 £m	1994 £m
Stocks and work in progress	11.0	11.9
Development land and properties	25.2	11.9
	36.2	23.8

The replacement value of stocks is not materially different from their book value.

13 Debtors

	Group		Company	
	1995 £m	1994 £m	1995 £m	1994 £m
Trade debtors	102.6	104.3	–	–
Amounts owed by group undertakings	–	–	13.3	7.7
Amounts owed by associated undertakings	2.1	7.4	–	–
Taxation recoverable	0.4	0.5	–	–
Other debtors	13.5	11.9	0.1	–
Prepayments and accrued income	65.2	67.6	3.9	1.7
	183.8	191.7	17.3	9.4

Debtors include £4.3 million (1994: £4.0 million) which falls due after more than one year.

14 Short term deposits and investments

	Group		Company	
	1995 £m	1994 £m	1995 £m	1994 £m
Short term deposits	201.5	176.4	199.6	172.3
Other investments	6.7	4.3	–	–
	208.2	180.7	199.6	172.3

15 Creditors: amounts falling due within one year

	Group		Company	
	1995 £m	1994 £m	1995 £m	1994 £m
Debentures (unsecured)	–	1.9	–	–
Bank loans, overdrafts and temporary borrowings	13.3	14.4	46.1	40.5
Other loans	0.8	1.0	–	–
Obligations under finance leases (note 20c)	11.7	13.8	–	–
Trade creditors	53.1	46.9	0.1	0.1
Amounts owed to group undertakings	–	–	–	1.4
Other creditors	6.7	9.6	3.0	2.4
Taxation and social security	8.1	9.3	–	–
Advance corporation tax payable	25.5	19.8	25.5	19.8
Corporation tax payable	4.5	3.0	–	–
Dividends payable	105.0	81.7	105.0	81.7
Deferred credits	3.0	2.5	–	–
Accruals and deferred income	206.4	218.9	15.7	16.2
	438.1	422.8	195.4	162.1

16 Creditors: amounts falling due after more than one year

	Rate of interest %	Group		Company	
		1995 £m	1994 £m	1995 £m	1994 £m
European Investment Bank loans – 1996-2003	4.9 – 10.9	295.4	297.6	–	–
Local authority loans – 1995-2035	6.0 – 10.0	15.5	15.8	–	–
Bonds due 1999	11.5	150.0	150.0	150.0	150.0
Bonds due 2001	11.6	125.0	125.0	125.0	125.0
Other loans	3.0 – 9.0	10.0	11.6	–	–
		595.9	600.0	275.0	275.0
Obligations under finance leases (note 20c)		166.6	142.7	–	–
Deferred credits		60.6	50.1	–	–
Other		26.3	13.0	2.8	3.0
		849.4	805.8	277.8	278.0

16 Creditors: amounts falling due after more than one year (continued)

	Group	
	1995 £m	1994 £m
Loans outstanding are repayable as follows:		
Between one and two years	28.6	3.5
Between two and five years	324.0	170.9
After five years – by instalment	42.3	52.6
– other than by instalment	201.0	373.0
	595.9	600.0
Aggregate amount of loans repayable by instalment, of which any instalment is due for repayment after five years	60.5	72.6

17 Provisions for liabilities and charges

	At 1 April 1994 £m	Charged to profit & loss account £m	Reclassification £m	Exchange adjustments £m	Utilised £m	At 31 March 1995 £m
a Provisions comprise:						
Infrastructure renewals	51.6	51.8	–	–	(62.1)	41.3
Environmental and landfill restoration	16.9	3.9	–	0.5	(3.1)	18.2
Restructuring	–	55.0	–	–	(11.4)	43.6
Insurance	–	4.4	5.0	–	(2.3)	7.1
Other	6.5	1.7	–	–	(6.6)	1.6
	75.0	116.8	5.0	0.5	(85.5)	111.8

The utilisation of the infrastructure renewals provision is shown net of grants and contributions of £3.5 million (1994: £4.7 million).

Acquisition provisions included above are analysed as follows:

	£m
At 1 April 1994	17.7
Utilised	(4.4)
Exchange adjustments	0.4
At 31 March 1995	13.7

A significant proportion of acquisition provisions relate to environmental and landfill restoration liabilities which are of a long term nature.

b Potential deferred taxation liabilities not provided:

	1995 £m	1994 £m
Capital allowances	228.5	204.7
Other timing differences	(54.7)	(35.5)
Available tax losses	(6.6)	(46.3)
Advance corporation tax not immediately recoverable	(103.5)	(75.9)
	63.7	47.0

In addition to the amounts set out in the table above, there is advance corporation tax of £8.9 million (1994: £18.0 million) which will be available to set against the group's liability on taxable profits arising in future periods.

As infrastructure assets are not depreciated, deferred taxation will crystallise only in the event of a disposal of such assets at amounts in excess of their tax written down value. In the opinion of the Directors, the likelihood of a liability crystallising in the foreseeable future is remote.

Accelerated capital allowances on infrastructure assets of £333.4 million have therefore been excluded from the amounts at 31 March 1995 set out above, assuming a tax rate of 33 per cent. Comparative figures have been restated to exclude capital allowances on infrastructure assets of £296.9 million and also to take account of computations submitted to the relevant tax authorities.

18 Called up share capital	1995 £m	1994 £m
Authorised:		
475,000,000 Ordinary Shares of £1	475.0	475.0
One Special Rights Redeemable Preference Share of £1		
Issued and fully paid:		
363,900,935 Ordinary Shares of £1 (1994: 358,897,181)	363.9	358.9

In addition to the above, one Special Rights Redeemable Preference Share of £1 was included in the issued share capital of the company at 31 March 1994. This Special Rights Redeemable Preference Share was redeemed at par on 31 December 1994.

a Shares issued during the year:

2,005,392 Ordinary Shares were issued in lieu of cash of £10.2 million in respect of the interim and final dividends for the year ended 31 March 1994. Scrip issue costs were £0.4 million.

2,794,397 Ordinary Shares were issued at 176p, 239p, 257p, 360p or 482p under the group's Employee Sharesave Scheme and 203,965 Ordinary Shares were issued at 310p, 311p or 497p under the group's Executive Share Option Scheme. The aggregate consideration in respect of these share issues was £5.6 million.

b Employee share schemes

i The Severn Trent Share Schemes

The issued and paid up share capital of the company includes 1,853,763 (1994: 2,579,595) Ordinary Shares issued under The Severn Trent Share Schemes. These shares are held in trust on behalf of employees who are beneficially entitled to the Shares.

ii Employee Sharesave Scheme

Under the terms of the Sharesave Scheme the Board may grant those employees who have entered into an Inland Revenue approved Save as You Earn (SAYE) contract for a period of either 5 or 7 years the right to purchase Ordinary Shares in the company. Options outstanding at 31 March were as follows:

Date of grant	Normal date of exercise	Option price	Number of shares	
			1995	1994
December 1989	1995 or 1997	176p	930,829	3,735,565
January 1991	1996 or 1998	239p	731,075	763,478
January 1992	1997 or 1999	257p	1,559,280	1,624,030
January 1993	1998 or 2000	360p	1,093,092	1,167,172
January 1994	1999 or 2001	482p	813,506	955,131
January 1995	2000 or 2002	415p	1,387,398	-

iii Executive Share Option Scheme

Under the terms of the Executive Share Option Scheme, the Board has granted Directors and other executives options to purchase Ordinary Shares in the company. Options outstanding under this scheme at 31 March were as follows:

Date of grant	Number of option holders	Normal date of exercise	Option price	Number of shares	
				1995	1994
January 1990	3	1993 - 2000	262p	22,949	22,949
January 1991	3	1994 - 2001	310p	47,901	79,835
January 1992	98	1995 - 2002	311p	812,015	983,585
March 1993	119	1996 - 2003	497p	672,719	699,209
December 1993	125	1996 - 2003	625p	518,591	539,596

19 Reserves	Share premium account £m	Profit & loss account £m
Group		
At 1 April 1994	3.1	1,777.4
Goodwill	-	(1.2)
Retained profit for the year	-	133.0
Shares issued	2.6	-
Scrip dividend (including expenses)	(2.4)	10.2
Currency translation differences	-	3.4
At 31 March 1995	3.3	1,922.8

Company	Share premium account £m	Profit & loss account £m
At 1 April 1994	3.1	718.6
Retained profit for the year	-	1.4
Shares issued	2.6	-
Scrip dividend (including expenses)	(2.4)	10.2
At 31 March 1995	3.3	730.2

The profit attributable to shareholders, dealt with in the accounts of the company was £106.4 million (1994: £104.6 million). As permitted by Section 230 of the Companies Act 1985, no profit and loss account is presented for the company.

At 31 March 1995 cumulative goodwill written off against group reserves amounted to £244.1 million (1994: £242.9 million).

20 Commitments and contingent liabilities

a Investment expenditure commitments:	1995 £m	1994 £m
Contracted for but not provided in the financial statements	87.6	174.4
Authorised but not yet contracted for	61.2	145.4

In addition to these commitments, Severn Trent Water Limited has longer term expenditure plans which include investments to achieve improvements in performance mandated by the Director General of Water Services and to provide for growth in demand for water and sewerage services.

b Operating lease commitments

At 31 March 1995 the group was committed to making the following payments during the next year in respect of operating leases which expire:

	Land and buildings £m	Other £m
Within one year	0.5	0.8
Between one and five years	2.0	1.6
After five years	1.7	-
	4.2	2.4

20 Commitments and contingent liabilities (continued)

c. Finance lease commitments

	1995	1994
	£m	£m
Amounts due under finance leases are payable as follows:		
Within one year	11.7	13.8
Between one and two years	7.6	11.7
Between two and five years	1.3	8.9
After more than five years	157.7	122.1
	178.3	156.5

- d The company has entered into guarantees in the normal course of business amounting to £32.0 million (1994: £22.1 million). Group undertakings have also entered into performance bonds in the normal course of business.
- e The banking arrangements of the company operate on a pooled basis with certain of its subsidiary undertakings. Under these arrangements participating companies guarantee each other's overdrawn balances to the extent of their credit balances and the credit balances can be offset against overdrawn balances of participating companies.

21 Pensions

The group operates a number of defined benefit schemes which are fully funded to cover future salary and pension increases. The assets of the schemes are held in separate trustee administered funds. The principal schemes are the Severn Trent Water Pension Scheme (STWPS) and the Severn Trent Mirror Image Scheme (STMIS). In addition there are defined contribution schemes operated by certain overseas subsidiary undertakings. The pension charge for the year ended 31 March 1995, before the exceptional restructuring charge, was £12.5 million (1994: £12.3 million).

STWPS

An actuarial valuation of STWPS was carried out at 31 March 1992 by an independent actuary, using the projected unit method. The principal assumption used was that the investment return would exceed future salary increases by 2 per cent per annum. The actuarial value of the scheme's assets was £227.3 million, which exceeded by 16 per cent the actuarial value of the benefits accrued to members, after allowing for future increases in earnings. The market value of the scheme's assets at the date of the valuation was £188.0 million.

The employers' contribution to STWPS continues unchanged at the rate of 8.8 per cent, 7.35 per cent or 4.4 per cent respectively of pensionable pay of STWPS members whose contributions are at the rate of 6 per cent, 5 per cent or 3 per cent of pensionable pay according to their choice.

STMIS

The most recent valuation of STMIS was carried out at 31 March 1994 by an independent actuary using the attained age method, which is considered the most appropriate method of valuation for a scheme which is closed to new members. The principal assumption used was that the investment return would exceed future salary and wage increases by 2 per cent per annum. The actuarial value of the scheme's assets was £51.7 million, which exceeded by 11 per cent the actuarial value of the benefits accrued to members, after allowing for future increases in earnings. The market value of the scheme's assets at the date of the valuation was £58.3 million.

As recommended by the actuary, with effect from 1 April 1994 the employers' contribution to STMIS has been increased to the rate of 9.54 per cent or 7.95 per cent of pensionable pay of STMIS members whose contributions are at the rate of 6 per cent or 5 per cent respectively.

22 Cash flow statement

a Reconciliation of operating profit to net cash inflow from operating activities

	1995 £m	1994 £m
Operating profit	319.3	329.7
Currency translation differences	(0.3)	-
Profits of associated undertakings	(2.0)	(0.4)
Provisions relating to associated undertakings	2.3	0.5
Depreciation charge	108.9	94.6
Profit on sale of tangible fixed assets	(1.6)	(3.9)
Deferred credits received	13.7	14.1
Deferred credits written back	(3.0)	(2.1)
Provisions for liabilities and charges (note 17a)	116.8	75.7
Utilisation of provisions for liabilities and charges	(82.0)	(74.8)
(Increase)/decrease in stocks	(13.6)	1.4
Decrease/(increase) in debtors	8.2	(10.9)
Increase in creditors	15.6	17.2
Net cash inflow from operating activities	482.3	441.1

b Analysis of the net outflow of cash and cash equivalents in respect of the purchase of businesses and subsidiary undertakings

	1995 £m	1994 £m
Consideration	0.3	30.9
Deferred consideration	1.5	(4.0)
Cash paid in respect of prior year acquisitions	-	35.4
Cash at bank and in hand of acquired subsidiary undertakings	-	(2.3)
Net outflow of cash and cash equivalents in respect of the purchase of businesses and subsidiary undertakings	1.8	60.0

c Analysis of changes in financing during the year

	Share capital (including share premium) £m	Loans and finance lease obligations £m	Current asset investments £m	Total 1995 £m	Total 1994 £m
At 1 April 1994	362.0	761.5	(65.9)	1,057.6	914.0
Cash flows from financing	5.2	(20.1)	(69.6)	(84.5)	78.0
Loans and finance lease obligations of subsidiary undertakings acquired during the year	-	-	-	-	2.7
Inception of finance lease contracts	-	36.3	-	36.3	62.7
Currency translation differences	-	-	-	-	0.2
At 31 March 1995	367.2	777.7	(135.5)	1,009.4	1,057.6

22 Cash flow statement (continued)

d Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	Change in year £m	1995 £m	1994 £m
Cash at bank and in hand	(4.3)	13.0	17.3
Deposits with maturity date of less than 3 months	(42.1)	72.7	114.8
Bank loans and overdrafts	1.7	(10.6)	(12.3)
	(44.7)	75.1	119.8

e Analysis of net debt as shown in the balance sheet

	Notes	Change in year £m	1995 £m	1994 £m
Short term deposits and investments		27.5	208.2	180.7
Cash at bank and in hand		(4.3)	13.0	17.3
Debentures	15	1.9	–	(1.9)
Bank loans, overdrafts and temporary borrowings	15	1.1	(13.3)	(14.4)
Other loans	15	0.2	(0.8)	(1.0)
Obligations under finance leases	15	2.1	(11.7)	(13.8)
Loans	16	4.1	(595.9)	(600.0)
Obligations under finance leases	16	(23.9)	(166.6)	(142.7)
		8.7	(567.1)	(575.8)

23 Subsidiary and associated undertakings

Brief details of principal operating subsidiary and associated undertakings included in the group accounts are as follows:

Subsidiary undertakings	Country of registration or incorporation (and operation)	Percentage of ordinary share capital held	Nature of business
Water and sewerage services			
* Severn Trent Water Limited	England	100%	Water and Sewerage Undertaking
Waste management			
Biffa Waste Services Limited	England	100%	Waste Management
Wastedrive Limited	England	100%	Waste Management
Wastedrive (Manchester) Limited	England	100%	Waste Management
Biffa Waste Services SA	Belgium	100%	Waste Management
Centrale Verzorgingsdienst Cotrans NV	Belgium	100%	Waste Management
Related businesses			
Abbcott Estates Limited	England	85%	Property Development
* Aztec Environmental Control Limited	England	100%	Control Equipment
Capital Controls Limited	England	100%	Water Disinfection Equipment
* Charles Haswell and Partners Limited	England	100%	Engineering Design Consultants
* Fusion Meters Limited	England	75%	Meter Design
* Genera Technologies Limited	England	56%	Water Analysis Technology
* Paperflow Services Limited	England	100%	Mailing Services
* ^o Severn Trent Industries Limited	England	100%	Trading Company
* Severn Trent Overseas Holdings Limited	England	100%	Holding Company
* Severn Trent Property Limited	England	100%	Property Development
* Severn Trent Systems Limited	England	100%	Computer Systems Development
Derwent Insurance Limited	Guernsey	100%	Insurance Company
Capital Controls Company Inc.	United States	100%	Water Disinfection Equipment
Computer Systems and Applications Inc.	United States	100%	Computer Software for Utilities
Island Recycling and Environmental Corporation	United States	65%	Waste Treatment
Severn Trent (Del) Inc	United States	100%	Holding Company
ST Environmental Services Inc.	United States	100%	Water Treatment Operators
Stoner Associates Inc.	United States	100%	Pipeline Management Systems
Associated undertakings			
Biogas Generation Limited	England	50%	Power Generation
GMI Rovinian Limited	England	50%	Property Development
Grafham Carbons Limited	England	50%	Carbon Regeneration
Minworth Systems Limited	England	49%	Process Monitoring Equipment
* Tetra Europe Limited	England	50%	Waste Water Treatment Processes
Aquafin NV	Belgium	20%	Sewerage Undertaking
Industrias del Agua SA de CV	Mexico	49%	Water Undertaking

* Held directly by the company.

^o Severn Trent Laboratories and Severn Trent Water International are trading divisions of Severn Trent Industries Limited.

Particulars of the issued share capital of the Group's associated undertakings at 31 March 1995 are:

	A Ordinary shares of £1	B Ordinary shares of £1	Other classes of shares
Biogas Generation Limited	20,000 #	20,000	
GMI Rovinian Limited	25,000	25,000 #	
Grafham Carbons Limited	20,000 #	20,000	
Minworth Systems Limited	51,000	49,000 #	
Tetra Europe Limited	500,000 #	500,000	500,000 redeemable non-cumulative preference shares#
Aquafin NV	—	—	800,000 shares at 10,000 BEF/share
Industrias del Agua SA de CV	—	—	10,000,000 Common Shares

Held by the Group

Five year summary

Profit and loss account	1995 £m	1994 £m	1993 £m	1992 £m	1991 £m
Turnover	1,076.4	998.0	904.6	821.7	627.0
Operating profit before exceptional items	374.3	329.7	299.0	260.8	197.2
Exceptional items	(55.0)	–	–	8.6	(9.7)
Income from investments	–	–	–	0.3	0.3
Net interest (payable)/receivable	(51.8)	(48.3)	(28.9)	4.3	51.5
Profit on ordinary activities before taxation	267.5	281.4	270.1	274.0	239.3
Taxation on profit on ordinary activities	(29.5)	(21.2)	(22.5)	(24.1)	(20.9)
Profit for the year	238.0	260.2	247.6	249.9	218.4
Dividends	(105.0)	(81.7)	(75.1)	(68.3)	(62.1)
Retained profit for the financial year	133.0	178.5	172.5	181.6	156.3
Net assets employed					
Fixed assets	3,248.3	3,029.7	2,723.8	2,310.8	1,821.1
Net liabilities excluding net debt/cash	(279.2)	(239.3)	(251.2)	(221.6)	(148.8)
Provisions for liabilities and charges	(111.8)	(75.0)	(70.0)	(89.5)	(79.8)
	2,857.3	2,715.4	2,402.6	1,999.7	1,592.5
Financed by					
Called up share capital	363.9	358.9	356.1	353.8	353.8
Reserves	1,926.1	1,780.5	1,623.7	1,476.2	1,474.5
Shareholders' funds	2,290.0	2,139.4	1,979.8	1,830.0	1,828.3
Minority shareholders' interest	0.2	0.2	0.4	0.1	0.1
Net debt/(cash)	567.1	575.8	422.4	169.6	(235.9)
	2,857.3	2,715.4	2,402.6	1,999.7	1,592.5
Statistics					
Earnings per share	66.0p	72.7p	69.9p	70.6p	61.7p
Earnings per share before exceptional items	81.3p	72.7p	69.9p	68.2p	64.5p
Dividends per share	25.03p	22.75p	21.1p	19.3p	17.55p
Second interim dividend	3.84p	–	–	–	–
Dividend cover	2.3	3.2	3.3	3.7	3.5
Gearing	24.8%	26.9%	21.3%	9.3%	n/a
Share price at 31 March (fully paid)	514p	570p	519p	319p	346p
Average number of employees – Water and sewerage services	6,531	6,954	7,445	7,456	7,054
– Other	4,097	3,829	3,074	2,960	470

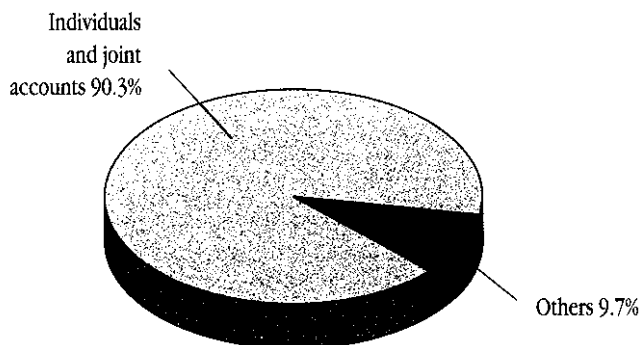
Shareholder information

Analysis of shareholdings

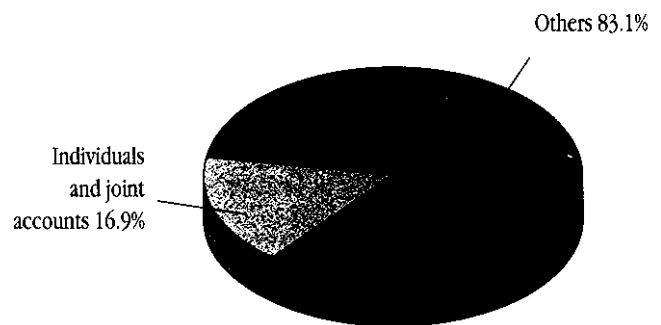
At 31 March 1995

Shareholdings	Number of shareholders	Percentage of total shareholders %	Number of Ordinary Shares million	Percentage of Ordinary Shares %
1 - 499	69,002	52.3	13.3	3.6
500 - 999	38,622	29.3	25.8	7.1
1,000 - 4,999	22,399	17.0	32.7	9.0
5,000 - 9,999	618	0.5	4.0	1.1
10,000 - 49,999	577	0.4	13.7	3.8
50,000 - 99,999	195	0.2	13.2	3.6
over 100,000	449	0.3	261.2	71.8
	131,862	100.0	363.9	100.0

Shareholders by category of shareholder



Shares held by category of shareholder



☐ Individuals and joint accounts

■ Others - e.g. nominees, other corporate bodies, limited and public limited companies, banks, pension funds and insurance companies

Financial calendar

Announcement of Results

The results of the group will normally be published at the following times:

Interim results for the six months to 30 September	- November/December
Preliminary results for the year to 31 March	- June
Report and accounts for the year to 31 March	- July

Dividend payments

Dividend payments in respect of the year ended 31 March 1995:

Interim dividend - paid 6 April 1995
Second interim dividend - 21 July 1995
Proposed final dividend - 2 October 1995

Annual General Meeting

2 August 1995 at the International Convention Centre, Birmingham

Registrars

Lloyds Bank Registrars
54 Pershore Road South
Kings Norton
Birmingham B30 3EP
Telephone: 0121-433 8000

Severn Trent Plc

Registered number 2366619
Registered office:
2308 Coventry Road
Birmingham B26 3JZ
Telephone: 0121-722 6000

Group strategic business units

Water and sewerage services

Severn Trent Water Limited
2297 Coventry Road
Birmingham B26 3PU
Tel: 0121 722 4000

Directors
V Cocker – Chairman
B Duckworth – Managing Director
J K Banyard
M Lily
D W Mattin
G P Noone
A Q Todd
T D A Tricker
M Wilson

Waste management

Biffa Waste Services Limited
Coronation Road
Cressex
High Wycombe
Bucks HP12 3TZ
Tel: 01494 521221

M J Bettington – Managing Director
R M Barltrop
D G Bellhouse
D A Brown
R A S Costin
B J Griffiths
P T Jones
C M Malbrain
N H Manning
S J Parrott
R B Tate

Biffa Waste Services SA
Mechelsesteenweg 642
B-1800
Vilvoorde
Belgium
Tel: 00 322 251 0198

C M Malbrain – Managing Director
D G Bellhouse
P Canivet
K Smits
W Verhaegen

Systems

Severn Trent Systems Limited
2800 The Crescent
Birmingham Business Park
Birmingham B37 7YL
Tel: 0121 717 7755

J T Oliver – Managing Director
I P Clark
B Duckworth

Computer Systems and Applications Inc
(trading as Severn Trent Systems)
Two Chasewood Park
20405 State Highway 249
Suite 600
Houston
Texas 77070
USA
Tel: 001 713 320 7100

J T Oliver – Managing Director
I P Clark
C E Riddle

Stoner Associates Europe Limited
6 Hockley Court
Hockley Heath
Solihull B94 6NW
Tel: 01564 783444

J T Oliver
T E Richwine
M W Spiteri

Stoner Associates Inc
PO Box 86
Carlisle
PA 17013-0086
USA
Tel: 001 717 243 1900

J T Oliver
K J Kelly
T E Richwine

Property

Severn Trent Property Limited
2308 Coventry Road
Birmingham B26 3JZ
Tel: 0121 722 6000

International

Severn Trent Water International
2308 Coventry Road
Birmingham B26 3JZ
Tel: 0121 722 6000

ST Environmental Services Inc
Two Chasewood Park
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Texas 77070
USA
Tel: 001 713 320 7160

Technology

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2308 Coventry Road
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Tel: 0121 722 6000

Paperflow Services Limited
Ashbourne Way
Solihull
West Midlands B90 4QU
Tel: 0121 609 0800

Aztec Environmental Control Limited
8 Hawkesworth
Southmead Industrial Park
Didcot
Oxon OX11 7HR
Tel: 01235 512000

Severn Trent Laboratories
Blundell House
Torrington Avenue
Coventry CV4 9GU
Tel: 01203 692692

Capital Controls Limited
Sittingbourne Industrial Estate
Crown Quay Lane
Sittingbourne
Kent ME10 3JG
Tel: 01795 476241

Capital Controls Company Inc
3000 Advance Lane
PO Box 211
Colmar
Pennsylvania 18915
USA
Tel: 001 215 822 2901

Directors

G Inge – Non-executive Chairman
P A Ludlow – Managing Director
R A S Costin
P C Long
Sir Francis Pemberton – non-executive
Director

R T Quinn – Managing Director
V Cocker
R A S Costin
J A Hill
B M Horner
R Ireland

R T Quinn – Managing Director
W A Callegari
K J Kelly
W T Nabors

I J Hislop – Managing Director
R K Peace
N Rummens

D J Cramp – Managing Director
I J Hislop

Mailing services

S W Fierce
I J Hislop

Control equipment

Mrs R Curnyn – Managing Director

Analytical services

S W Fierce
I J Hislop
R K Peace

Water disinfection equipment

S W Fierce
I J Hislop
K J Kelly

Water disinfection equipment

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Severn Trent

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