

Registration No: 3024607

ONYX HIGHMOOR LIMITED

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2001



ONYX HIGHMOOR LIMITED

Annual report for the year ended 31 December 2001

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Directors	M Gourvennec J Kutner
Secretary	J Kutner
Registered office	Onyx House 154A Pentonville Road London N1 9PE
Auditors	RSM Robson Rhodes 186 City Road London EC1V 2NU

ONYX HIGHMOOR LIMITED

Report of the directors for the year ended 31 December 2001

The directors present their report together with the audited financial statements for the year ended 31 December 2001.

Principal activities, trading review and future developments

The principal activity of the company is the operation of a landfill site. The directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend (2000: £nil).

Directors

J Kutner and M Gourvennec were the company's directors throughout the year. None of the directors has any interest in the shares of the company, or the shares of any other company within the CGEA U.K. Plc Group.

Statement of directors' responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable United Kingdom accounting standards; and
- prepare the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

Auditors

The auditors RSM Robson Rhodes are willing to continue in office, and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

Approval

The report of the directors was approved by the Board on 25 October 2002 and signed on its behalf by :



M Gourvennec
Director

Independent Auditors' report to the shareholders of ONYX HIGHMOOR LIMITED

We have audited the financial statements on pages 3 to 11.

Respective responsibilities of directors and Auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 as at 31 December 2001 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes
Chartered Accountants and Registered Auditors

London, England.
25 October 2002

ONYX HIGHMOOR LIMITED**Profit and loss account for the year ended 31 December 2001**

	Note	Continuing operations	
		2001 £'000	2000 £'000
Turnover	1	4,001	2,390
Cost of sales		(3,597)	(2,819)
Gross profit/(loss)		404	(429)
Administration expenses		(444)	(730)
Operating loss on ordinary activities before taxation	2	(40)	(1,159)
Tax on loss on ordinary activities	4	(23)	278
Retained loss for the financial year	10	(63)	(881)

The company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented.

ONYX HIGHMOOR LIMITED

Balance sheet at 31 December 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	5	1,818	1,948
Current assets			
Stocks: work in progress		5,220	4,264
Debtors	6	2,804	3,649
		<u>8,024</u>	<u>7,913</u>
Creditors: amounts falling due within one year	7	(6,217)	(6,189)
Net current assets		<u>1,807</u>	<u>1,724</u>
Total assets less current liabilities		<u>3,625</u>	<u>3,672</u>
Provisions for liabilities and charges	8	(55)	(39)
Net assets		<u>3,570</u>	<u>3,633</u>
Capital and reserves			
Called up share capital	9	5,000	5,000
Profit and loss account	10	(1,430)	(1,367)
Equity shareholders' funds	11	<u>3,570</u>	<u>3,633</u>

The financial statements on pages 3 to 11 were approved by the Board of Directors on 25 October 2002 and were signed on its behalf by:


M Gourvennec
Director

1 Accounting policies

Financial Reporting Standard 18 "Accounting Policies" has been adopted. It did not cause any changes in policy, as after careful review, the directors are satisfied that the current accounting policies are the most appropriate for the company.

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom under the historical cost convention.

Turnover

This comprises invoice values for sale of goods and services including sales of mineral sites and landfill sites no longer required by the company, including landfill tax but excluding value added tax. The company's turnover has arisen entirely within the United Kingdom.

Hire of plant and equipment

This comprises the cost of hiring for long term use in the business of the company. Short term hire recharged to customers is not included.

Leases and hire purchase

Assets held under finance leases and hire purchase contracts are integrated with owned tangible fixed assets and the obligations relating thereto, excluding finance charges, are included in creditors. Costs in respect of operating leases are charged in arriving at the operating result.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

Fixed assets – landfill sites

Freehold and leasehold landfill sites are depreciated in proportion to the capacity used up in each accounting period. Expenditure on creating additional capacity is carried forward to be written off over the period during which the capacity is used up.

Landfill sites have been included in the accounts at the directors' valuation. The transitional provisions of FRS 15 have been updated and accordingly the property revaluations have not been updated. The dates of the last revaluation have been disclosed in the fixed asset note.

Restoration costs

An estimate has been made by the Directors of the anticipated costs of restoring each landfill cell created. These costs are recognised in the profit and loss account and the appropriate accruals created in the balance sheet. The costs are charged on the basis of the total capacity used in the year.

1 Accounting policies (continued)

Aftercare provisions

An estimate has been made of the net present value of the total future aftercare costs. Provision is then made for aftercare costs based on the utilisation of the landfill site in the year.

Stock

Stock is stated at the lower of cost and net realisable value.

Pensions

The company operates pension schemes for all staff. The pension costs for the defined contribution scheme represent contributions payable by the company in the year. The assets of the scheme are invested and managed independently of the finances of the company.

Pension costs in respect of the defined benefit scheme are assessed in accordance with the advice of an independent qualified actuary and recognised in the profit and loss account so that regular costs represent a substantially level percentage of related current and expected future earnings and variations are spread over the expected average remaining service lives of the current employees.

Related party transactions

The company has taken advantage of the exemption available under paragraph 3(c) of Financial Reporting Standard 8, not to disclose intra-group transactions.

Cash flow statement

Under Financial Reporting Statement 1 (revised) the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary of Vivendi Environnement S.A. whose financial statements are publicly available.

2 Operating loss on ordinary activities before taxation

	2001 £'000	2000 £'000
This is arrived at after charging:		
Depreciation on tangible fixed assets	130	65
	<u> </u>	<u> </u>

The auditors' remuneration for the year has been borne by another group undertaking (2000: £nil).

ONYX HIGHMOOR LIMITED

Notes to the financial statements for the year ended 31 December 2001

3 Employees

	2001 No.	2000 No.
The average weekly number of employees, including directors, employed during the year was:		
Environmental services	<u>9</u>	<u>9</u>
	2001 £'000	2000 £'000
Employee costs including the above, consist of:		
Salaries and wages	140	143
Social security costs	13	14
Pension costs	-	-
	<u>153</u>	<u>157</u>

The directors received no emoluments during the year in respect of their services as directors of the company (2000: £ nil).

4 Tax on loss on ordinary activities

	2001 £'000	2000 £'000
United Kingdom corporation tax		
Current year charge/(credit)	<u>23</u>	<u>(278)</u>

The effective rate of tax is high due to the add back of depreciation on the freehold landfill site. Taxation losses are surrendered to group companies.

5 Tangible fixed assets

	Land and buildings £'000
Cost or valuation	
At 1 January and 31 December 2001	2,314
Depreciation	
At 1 January 2001	366
Charge for the year	130
At 31 December 2001	496
Net book value	
At 31 December 2001	1,818
At 31 December 2000	1,948

The company's landfill sites were revalued by the directors at 31 December 1997. The cost of assets carried at a valuation is not known.

6 Debtors

	2001 £'000	2000 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	1,056	1,235
Loan to parent undertaking	1,675	1,675
Other debtors	73	739
	<u>2,804</u>	<u>3,649</u>

7 Creditors: amounts falling due within one year

	2001 £'000	2000 £'000
Amounts owed to group undertakings	<u>6,217</u>	<u>6,189</u>

ONYX HIGHMOOR LIMITED

Notes to the financial statements for the year ended 31 December 2001

8 Provisions for liabilities and charges

	2001 £'000	2000 £'000
Provision for aftercare		
At 1 January 2001	39	9
Transfer from profit and loss account	16	30
Utilised in the year	-	-
At 31 December 2001	<u>55</u>	<u>39</u>

9 Share capital

	2001 £'000	2000 £'000
Authorised		
2,500,000 'A' ordinary shares of £1 each	2,500	2,500
2,500,000 'B' ordinary shares of £1 each	2,500	2,500
	<u>5,000</u>	<u>5,000</u>
Allotted and fully paid		
2,500,000 'A' ordinary shares of £1 each	2,500	2,500
2,500,000 'B' ordinary shares of £1 each	2,500	2,500
	<u>5,000</u>	<u>5,000</u>

10 Profit and loss account

	£'000
At 1 January 2001	(1,367)
Retained loss for the year	(63)
At 31 December 2001	<u>(1,430)</u>

11 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Opening equity shareholders' funds	3,633	4,514
Retained loss for the year	(63)	(881)
Closing equity shareholders' funds	<u>3,570</u>	<u>3,633</u>

12 Financial commitments

At 31 December 2001 the group had annual commitments under non-cancellable operating leases as follows:

	Plant and machinery	
	2001	2000
	£'000	£'000
On leases where the commitments expires:		
Between 2-5 years	3	10

13 Pensions

Defined contribution scheme

The group operates various defined contribution pension schemes. The assets of the schemes are invested and managed independently of the finances of the group.

Defined benefit scheme

Vivendi UK Limited operates a pension scheme covering the majority of group employees. This undertaking charges each of its trading subsidiaries to cover the funding of the scheme. The charge is included in the employment costs disclosed in these financial statements. The scheme is funded by payments to trustee administered funds. The scheme is administered externally and is of the defined benefit type.

The pension charges in respect of the scheme are calculated by independent qualified actuaries. The latest valuation at 31 December 2001 confirmed that the scheme was adequately funded to meet its current and anticipated future pension liabilities. The principal assumptions were:

Assumed long-term rate of:

Investment returns	6.5%
Salary increases	5.0%
Dividend increases	3.0%

The pension cost figures used in these accounts comply with the current pension cost accounting standard SSAP24. A new pension cost accounting standard, FRS17, must be used for the figures that will be shown in the accounts for the year ending 31 December 2003 and subsequent years. Under transitional arrangements, the Company is required to disclose the following information about the schemes and the figures that would have been shown under FRS17 in the current balance sheet.

Supplementary FRS17 disclosures

The Company provides a passported defined benefit scheme under Onyx LGSS Division of the Vivendi UK Pension Plan. The latest formal valuation of the Onyx LGSS Division was carried out as at 1 January 2000. The valuation of Onyx LGSS Division liabilities detailed below has been derived by projecting forward the position from 1 January 2000 to 31 December 2001.

13 Pensions (continued)

Contributions over the 12 month period ending 31 December 2001 were paid as follows:

	% Pensionable Salaries
Company	12.5
Members	5.0 (Manual workers)
Members	6.0 (Non-manual workers)

The FRS17 value of liabilities at 31 December 2001 was approximately £2,987,000 and the market value of assets was approximately £2,912,000, giving a Onyx LGSS Division deficit of £75,000.

The employer contribution rate of 12.5% of Pensionable Salaries has been agreed for the future subject to review at the full actuarial valuation as at 31 December 2002. In calculating the liabilities of the Onyx LGSS Division, the following financial assumptions have been used:

Discount rate	6.0% pa
Basic salary growth	3.0% pa
RPI (and salary offset)	2.5% pa
Pension-in payment increases (LPI related)	2.5% pa

Deferred pensions are revalued to retirement age in line with the RPI assumption of 2.5% p.a. unless otherwise prescribed by the Scheme rules or statutory requirements.

The market value of the assets of the Scheme as at 31 December 2001 together with the expected rate of return over the following year is as follows:

	£'000	%	Expected Return (% pa)
Equities	2,341	80.4	8.0
Gilts	571	19.6	5.0
Total	2,912	100.0	7.4

Had the balance sheet been prepared under FRS 17 the Profit and Loss Reserve would have been restated taking account of the pension fund deficit. The element of the deficit relating to Onyx Highmoor Limited is not readily available and so this information cannot be disclosed for 2001.

14 Ultimate parent and controlling company

The ultimate parent and controlling company at 31 December 2001 was Vivendi Universal S.A. (incorporated in France). Copies of the parent's consolidated financial statements may be obtained from The Secretary, 42 avenue de Friedland, 75380 Paris Cedex 08, France. The company's ultimate United Kingdom holding company is Vivendi UK Limited (registered in England and Wales).

The immediate parent company is Onyx Landfill Ltd (registered in England and Wales).

The directors consider Onyx Environmental Group PLC (registered in England and Wales) to be the smallest company for which group accounts including Onyx Highmoor Ltd are drawn up. Copies of the accounts can be obtained from The Registrar of Companies, Crown Way, Cardiff.