

Registration No: 3024607

ONYX HIGHMOOR LIMITED

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2005



ONYX HIGHMOOR LIMITED

Annual report for the year ended 31 December 2005

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Directors	J Kutner A de Saint-Quentin T Spaul
Secretary	R Hunt
Registered office	Veolia House 154A Pentonville Road London N1 9PE
Auditors	Ernst & Young LLP No.1 Colmore Square Birmingham B4 6HQ

ONYX HIGHMOOR LIMITED

Report of the directors for the year ended 31 December 2005

The directors present their report together with the audited financial statements for the year ended 31 December 2005.

Principal activities, trading review and future developments

The principal activity of the company was the operation of a landfill site. On 1 January 2005, the trade and assets of the company were sold to Veolia ES Landfill Limited, the company's immediate parent for their book value, which in the opinion of the directors is equivalent to their market value as at the date of transfer.

The company did not trade during the year (2004: loss of £504,000), and has no plans to do so in the future.

Dividends

The directors do not recommend the payment of a dividend (2004: £nil).

Directors

The directors serving during the year were as follows:

J Kutner
A de Saint-Quentin
T Spaul

There are no directors' interests requiring disclosure under Schedule 7 of the Companies Act 1985.

Statement of directors' responsibilities for the Annual Report

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

By order of the Board:


R Hunt
Secretary
01 June 2006

ONYX HIGHMOOR LIMITED

Independent Auditor's report to the shareholders of Onyx Highmoor Limited

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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 International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Ernst & Young LLP
Registered Auditor
Birmingham

1 June 2006

ONYX HIGHMOOR LIMITED**Profit and loss account for the year ended 31 December 2005**

	Note	Discontinued Operations 2005 £'000	2004 £'000
Turnover	1	-	4,575
Cost of sales		-	(4,537)
Gross profit		-	38
Administration expenses		-	(346)
Other operating income		-	220
Operating loss	2	-	(88)
Profit on sale of fixed assets		-	112
Interest payable and similar charges	4	-	(8)
Profit on ordinary activities before taxation		-	16
Tax on profit on ordinary activities	5	-	(520)
Loss on ordinary activities after taxation and retained for the financial year	12	-	(504)

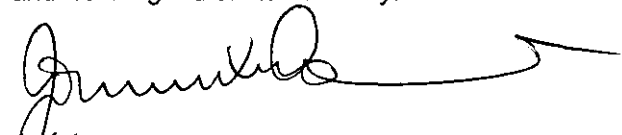
The company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented.

ONYX HIGHMOOR LIMITED

Balance sheet at 31 December 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	6	-	7,785
Current assets			
Debtors	7	5,623	773
Creditors: amounts falling due within one year	8	(4,453)	(6,540)
Net current assets/(liabilities)		<u>1,170</u>	<u>(5,767)</u>
Total assets less current liabilities		1,170	2,018
Provisions for liabilities	9	-	(848)
Net assets		<u>1,170</u>	<u>1,170</u>
Capital and reserves			
Called up share capital	10	5,000	5,000
Profit and loss account	11	(3,830)	(3,830)
Equity shareholders' funds	12	<u>1,170</u>	<u>1,170</u>

The financial statements on pages 3 to 10 were approved by the Board of Directors on 01 June 2006 and were signed on its behalf by:


J. Kutner
Director

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, using the following significant accounting policies.

Turnover

This comprises invoice values for sale of goods and services including landfill tax but excluding value added tax. The company's turnover arose entirely within the United Kingdom.

Operating Leases

Rental payments arising from operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Deferred taxation

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS 19 deferred tax is not provided on timing differences arising from:

- a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date; and
- b) gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course.

Fixed assets – landfill sites

Landfill sites are included within the financial statements at cost less accumulated depreciation. The cost of landfill sites includes the cost of acquiring, developing and engineering sites, and the costs of landfill cell creation. The cost of the asset is depreciated over the estimated life of the site on the basis of the usage of void space.

Where there is evidence of impairment, fixed assets are written down to recoverable amount.

Landfill Restoration costs

Provision for the cost of restoring landfill sites is made over the operational life of each landfill site and charged to the profit and loss account on the basis of the usage of void space. Restoration balances arising are included within 'provisions for liabilities' and discounted by applying an appropriate discount rate where the impact would be material to the financial statements.

Aftercare provisions

Aftercare costs are provided over the operational life of each landfill site and incurred for a specific period once the landfill is closed. Provision for all such costs is charged to the profit and loss account on the basis of the usage of the void space. Aftercare balances included in 'provisions for liabilities' are discounted by applying an appropriate discount rate, and unwinding of this discount is charged to the profit and loss account as a finance charge.

1 Accounting policies (continued)

Pensions

The company has no pension commitments with effect from 1 January 2005 when its trade and assets were sold to Veolia ES Landfill limited.

In 2004, the company participated in a defined benefit pension scheme, the Onyx (LGSS) Division of the Veolia UK Pension Plan, which was funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. The company's contributions were affected by the surplus/deficit in the scheme.

However, it was not possible to identify the company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Therefore in accordance with FRS17 multi-employer exemption, the scheme was accounted for as if it were a defined contribution scheme.

Information relating to this scheme disclosed in the financial statements of Onyx Environmental Group Plc for the year ended 31 December 2004. At that date, the deficit of the scheme was £1,045,000.

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 Veolia Environnement S.A. whose financial statements are publicly available.

2 Operating loss

	2005 £'000	2004 £'000
This is arrived at after charging/(crediting)		
Operating leases on plant and machinery	-	76
Depreciation on tangible fixed assets	-	683
Legal settlement on compensation claim	-	(220)
	<u> </u>	<u> </u>

The auditors' remuneration for the year has been borne by another group undertaking (2004: £nil).

ONYX HIGHMOOR LIMITED

Notes to the financial statements for the year ended 31 December 2005

3 Employees

	2005 No.	2004 No.
The average weekly number of employees, including directors, employed during the year was:		
Environmental services	3	9
	2005 £'000	2004 £'000
Employee costs including the above, consist of:		
Salaries and wages	-	165
Social security costs	-	17
Pension costs	-	4
	-	186

The emoluments of the directors are paid by Veolia ES Onyx Limited (fellow subsidiary) and are disclosed in Veolia ES Onyx Limited, except for Axel de Saint-Quentin. Axel de Saint-Quentin is not a director of Veolia ES Onyx Limited, but is a director of fellow subsidiary undertakings and it is not possible to make an accurate apportionment of his emoluments in respect of each of the subsidiaries. Accordingly no emoluments in respect of Veolia ES Onyx Limited are disclosed in these financial statements.

4 Interest payable and similar charges

	2005 £'000	2004 £'000
Other finance charges	-	8

Other finance charges relate to the unwinding of discount on the aftercare provision (note 9).

5 Taxation

	2005 £'000	2004 £'000
Current Taxation:		
United Kingdom corporation tax	-	(8)
Adjustment in respect of prior years	-	(92)
	-	(100)
Deferred tax		
Originating of timing differences - current year	-	(19)
Adjustment in respect of prior year	-	639
	-	520
Tax charge on profit on ordinary activities	-	520

ONYX HIGHMOOR LIMITED

Notes to the financial statements for the year ended 31 December 2005

5 Taxation (continued)

Current tax reconciliation

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation	-	16
Theoretical tax at UK corporation tax rate	-	5
Effects of:		
- Adjustment in respect of prior years	-	(92)
- Income not taxable	-	(34)
- Adjustment in respect of group relief	-	2
- Accelerated capital allowances	-	(1)
- Other short term timing differences	-	20
Actual current taxation credit	-	(100)

The tax impact on the exceptional item in 2004, a profit on the sale of fixed assets of £112,000, was a tax charge of £nil.

6 Tangible fixed assets

	Long Leasehold Landfill Site £'000
Cost	
At 1 January 2005	9,342
Disposal to immediate parent	(9,342)
At 31 December 2005	-
Depreciation	
At 1 January 2005	1,557
Disposal to immediate parent	(1,557)
At 31 December 2005	-
Net book value	
At 31 December 2005	-
At 31 December 2004	7,785

ONYX HIGHMOOR LIMITED

Notes to the financial statements for the year ended 31 December 2005

7 Debtors

	2005	2004
	£'000	£'000
Amounts falling due within one year:		
Corporation Tax	-	553
Amounts owed by group undertakings	5,623	-
Other Debtors	-	220
	<u>5,623</u>	<u>773</u>

8 Creditors: amounts falling due within one year

	2005	2004
	£'000	£'000
Accruals	-	53
Amounts owed to group undertakings	4,453	6,487
	<u>4,453</u>	<u>6,540</u>

9 Provisions for liabilities

	Aftercare	Restoration	Deferred Tax	Total
	£'000	£'000	£'000	£'000
At 1 January 2005	125	103	620	848
Disposal to immediate parent	(125)	(103)	(620)	(848)
At 31 December 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

10 Share capital

	2005	2004
	£'000	£'000
Authorised, 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>

The "A" ordinary shares and "B" ordinary shares rank pari passu in all respects.

11 Profit and loss account

	£'000
At 1 January 2005 and 31 December 2005	<u>(3,830)</u>

ONYX HIGHMOOR LIMITED**Notes to the financial statements for the year ended 31 December 2005****12 Reconciliation of movements in equity shareholders' funds**

	2005 £'000	2004 £'000
Retained loss for the year	-	(504)
Opening equity shareholders' funds	1,170	1,674
Closing equity shareholders' funds	<u>1,170</u>	<u>1,170</u>

13 Operating Lease commitments

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Plant and machinery	
	2005 £'000	2004 £'000
On leases where the commitments expire:		
Within 1 Year	-	14
Within 2-5 years	-	33
	<u>-</u>	<u>47</u>

The company has annual commitments to make minimum royalty payments of £nil (2004: £100,000) on royalty agreements which expire after five years.

14 Ultimate parent and controlling company

The ultimate parent and controlling company at 31 December 2005 was Veolia Environnement S.A. (incorporated in France). Copies of the parent's consolidated financial statements may be obtained from The Secretary, 36-38 Avenue Kleber, 75116 Paris, France. The company's ultimate United Kingdom holding company is Veolia UK Limited (registered in England and Wales).

The immediate parent company is Veolia ES Landfill Limited, registered in England and Wales).

Veolia Environmental Services Plc (registered in England and Wales) is the smallest company for which group financial statements including Onyx Highmoor Ltd are drawn up. Copies of the financial statements can be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ.