

Stanton Bonna Concrete Limited

(Company Number: 2263795)

Directors' Report and Accounts

For the year ended 31 December 2000



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The Directors present their report and audited financial statements of the Company for the year ended 31 December 2000.

Principal activities

The principal activity of the Company is the manufacture and supply of concrete pipes, other concrete products and glass reinforced plastic pipes.

Review of the business and future developments

The Company turnover for the year decreased to £14.4 million (1999: £15.1 million). The profit before taxation and dividends was £249,000 (1999: £1,155,000) and the loss after tax and dividend was £127,000 (1999: profit of £58,000). The reduction in turnover was anticipated by the Directors and product development is ongoing.

Results and dividends

An interim dividend of £405,414 (12.16p per share) (1999: £752,817, 22.58p per share) was paid during the year.

The loss for the year after taxation and dividends of £127,000 (1999: £58,000 profit) will be transferred to reserves.

Directors

The Directors who served during the year are as follows:

G J Nicholls
M E E Rivard
D R H Pommeret
F C Leblanc
P Queru

None of the Directors had a material interest in any contract to which the Company was a party.

Directors' interests

The Directors of the Company had the following interests of the share capital of Vivendi, the ultimate parent undertaking.

	2000 Number of shares	1999 Number of shares
G J Nicholls	-	-
M E E Rivard	-	-
D R H Pommeret	1,162	1,162
F C Leblanc	-	-
P Queru	-	-

D R H Pommeret also holds 230 (1999: 230) shares in Sateba, a fellow group undertaking. M E E Rivard also holds 16.8 shares in Bonna Sabla. The directors interests in share options in the ordinary share capital of Vivendi Universal are as follows:

	Date of earliest exercise	Expiry date	Exercise price (Euros)	Cost of option	Number at 1 Jan 2000	Granted in year	Exercised in year	Number at 31 Dec 2000
G J Nicholls	26/11/2002	25/11/2006	62.60	-	-	10	-	10
M E E Rivard	26/11/2002	25/11/2006	62.60	-	-	10	-	10
D R H Pommeret	26/11/2002	25/11/2006	62.60	-	-	10	-	10
F C Leblanc	26/11/2002	25/11/2006	62.60	-	-	10	-	10

Charitable donations

The Company made charitable donations of £527 (1999: £540) during the year.

Directors' responsibilities

Company Law requires the Directors to prepare accounts 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 accounts, the Directors are required to:

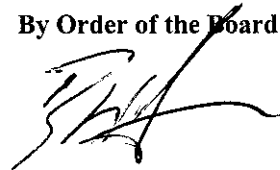
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts 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.

Auditors

A resolution concerning the re-appointment of PricewaterhouseCoopers as auditors, and authorising the Directors to fix their remuneration, will be proposed at the Annual General Meeting.

By Order of the Board



B Wilson
Secretary
26 April 2001

Registered Number
2263795

Registered Office:
Littlewell Lane
Stanton-by-Dale
Ilkeston
Derbyshire
DE7 4QW

Auditors' Report to the Members of Stanton Bonna Concrete Limited

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We have audited the financial statements on pages 4 to 17.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

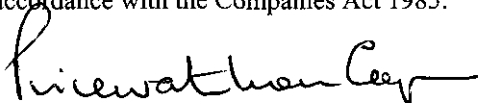
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 the company's affairs at 31 December 2000 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Nottingham

26 April 2001

	2000 £'000	1999 £'000
Turnover (note 1)	14,389	15,121
Cost of sales	(10,811)	(10,886)
Gross profit	3,578	4,235
Distribution costs	(2,333)	(2,209)
Administration expenses	(874)	(817)
Operating profit before interest	371	1,209
Interest (note 2)	(122)	(54)
Profit on ordinary activities before taxation (note 3)	249	1,155
Taxation (note 14)	29	(344)
Profit on ordinary activities after taxation	278	811
Dividend (note 15)	(405)	(753)
(Loss)/profit for the financial year (note 16)	(127)	58

The above results all arose from continuing operations.

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

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
Reported profit on ordinary activities before taxation	249	1,155
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	20	21
<i>Historical cost profit for the year before taxation</i>	269	1,176
<i>Historical cost (loss)/profit for the year retained after taxation and dividends</i>	(107)	79

	£'000	2000 £'000	1999 £'000
Fixed Assets			
Tangible assets (note 6)		4,454	4,678
Current Assets			
Stocks (note 7)	3,193		2,905
Debtors (note 8)	1,775		2,222
Cash at bank and in hand	6		4
	4,974		5,131
Creditors – Amount falling due within one year (note 9)	(3,682)		(3,831)
Net current assets		1,292	1,300
Total assets less current liabilities		5,746	5,978
Creditors – Amounts falling due after one year (note 10)		-	(52)
Provisions for liabilities and charges (note 12)		-	(53)
		5,746	5,873
Capital and Reserves			
Called up share capital (note 13)		3,334	3,334
Profit and loss account (note 16)		1,828	1,935
Revaluation reserve (note 16)		584	604
Equity shareholders' funds (note 17)		5,746	5,873

Approved by the Board on 26 April 2001, and signed on its behalf by

Directors

The notes set out on pages 8 to 17 form part of these financial statements.

	2000 £'000	1999 £'000
<i>Net cash inflow from operating activities (note 21)</i>	676	1,665
<i>Returns on investments and servicing of finance</i>		
Interest paid	(122)	(54)
<i>Taxation</i>	(208)	(680)
<i>Capital expenditure</i>		
Purchase of tangible fixed assets	(509)	(832)
<i>Equity dividends paid (note 15)</i>	(405)	(753)
Net cash outflow before management of liquid resources and financing	(568)	(654)
<i>Management of liquid resources</i>		
Reduction/increase in short term deposits	-	(495)
<i>Financing</i>		
Repayment of related party loan	-	(35)
Capital element of finance lease payments	(45)	(277)
<i>Decrease in net cash (note 23)</i>	(613)	(1,461)

The notes set out on pages 8 to 17 form part of these financial statements.

1 Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings. They have been prepared in accordance with applicable accounting and financial reporting standards.

Turnover

Turnover represents sales to external customers at delivered prices. An analysis of turnover between markets is not provided as, in the opinion of the Directors, disclosures of such information would not be in the interests of the Company.

Tangible fixed assets

The company has adopted FRS 15 "Tangible Fixed Assets" and has followed the transitional provisions to retain the book value of land and buildings at their previously revalued amounts. No further revaluations will be undertaken. The cost of tangible fixed assets is their purchase cost, together with any incidental cost of acquisition and any revaluations prior to the adoption of FRS 15.

Depreciation

Freehold land is not depreciated. Other tangible fixed assets are depreciated on a straight line basis, over their estimated useful lives as follows:

Freehold buildings	10 - 25 years
Major manufacturing equipment	5 - 25 years
Other plant and equipment	3 - 15 years
Office equipment	3 - 10 years
Mobile plant and motor vehicles	3 - 10 years
Loose plant, tools and moulds	2 - 5 years

Research and development

Research and development expenditure is charged to revenue in the period in which it is incurred.

Foreign currency

Transactions in overseas currencies are translated at the exchange rate ruling at the date of the transaction or, where forward cover contracts have been arranged, at the contracted rates. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date or at a contracted rate if applicable and any exchange differences arising are taken to the profit and loss account.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value.

Cost represents the cost of materials and, in the case of manufacturing products, includes the cost of direct labour and production overheads based on normal levels of activity.

Long term contracts

Long term contracts are accounted for in accordance with SSAP 9. Turnover is recorded on the basis of acceptance of goods by customers. Attributable profits are only taken into the profit and loss account when the outcome of the contract can be assessed with reasonable certainty.

Pensions

The Company's employees are members of a defined benefit pension scheme. The regular pension cost is charged to profit and loss account so as to spread the expected pension costs over the service lives of the employees. Contributions to the scheme and regular costs are determined by a qualified actuary on the basis of triennial valuations using the projected unit method, taking into account the pension costs of the group as a whole. Variations from regular cost are assessed by the actuary and are spread over the expected remaining service lives of current employees in the scheme.

Deferred taxation

Deferred corporation tax liabilities are provided in the accounts only insofar as an actual liability is likely to arise in the foreseeable future. Deferred tax assets are not recognised until realised.

Leasing

Where tangible fixed assets are financed through leasing arrangements classified as finance leases, they are treated as if they had been purchased outright and the corresponding leasing liability is shown in creditors. Depreciation on leased assets is provided on the same basis as owned assets.

Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account in the period in which it is incurred.

2 Interest payable

	2000 £'000	1999 £'000
Interest payable		
- bank borrowings	105	22
- finance lease interest	17	32
	122	54

3 Operating profit

	2000	1999
	£'000	£'000

Operating profit is stated after charging:

Depreciation		
- owned assets	675	619
- leased assets	42	50
Auditors' remuneration		
- for audit services	11	11
- for non audit services	12	7
Operating lease charges		
- plant and machinery	294	258

4 Employee information

	2000	1999
	£'000	£'000

Staff costs for the period comprise:

Wages and salaries	3,687	3,715
Social Security costs	289	309
Other pension costs	304	295
	4,280	4,319

	2000	1999
	Number	Number

The average number of persons employed during the year excluding directors was:	170	174
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5 Directors' emoluments

	2000	1999
	£'000	£'000

Aggregate emoluments	4	4
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6 Tangible fixed assets

	<i>Freehold land and buildings £'000</i>	<i>Plant, machinery, equipment and vehicles £'000</i>	<i>Total £'000</i>
Cost or valuation			
At 1 January 1999	3,543	6,713	10,256
Additions	219	290	509
Disposals	(2)	(296)	(298)
At 31 December 2000	3,760	6,707	10,467
Depreciation			
At 1 January 1999	806	4,772	5,578
Charge for the year	133	584	717
Disposals	(2)	(280)	(282)
At 31 December 2000	937	5,076	6,013
Net book amount			
At 31 December 2000	2,823	1,630	4,454
At 31 December 1999	2,737	1,941	4,678

Revaluation of land and buildings

The Company's freehold land and buildings were revalued at 31 December 1990. If the amount of these revalued assets, included in the accounts at a valuation of £2,400,000, had been determined in accordance with the historic cost accounting convention at 31 December 2000, they would have been included as:

	<i>2000 £'000</i>
Cost	1,649
Accumulated depreciation	(445)
Net book amount	1,204

As stated in note 1 "Accounting Policies", the company has adopted FRS 15 "Tangible Fixed Assets" and taken advantage of the transitional arrangements to retain the revalued assets at their book amounts.

Within plant, machinery, equipment and vehicles, the Company has capitalised fixed assets which are held under finance leases. The gross value of assets leased was £2,103,000 (1999: £2,103,000) and accumulated depreciation was £2,004,000 (1999: £1,962,000).

7 Stocks

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
Raw materials and consumables	676	655
Work in progress	53	33
Finished products	2,464	2,217
	3,193	2,905

8 Debtors

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
Trade debtors	1,643	2,083
Amounts owed by related companies	26	15
Other debtors	56	11
Prepayments and accrued income	50	113
	1,775	2,222

All the above debtors are recoverable within one year.

9 Creditors - Amounts falling due within one year

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
Bank loans and overdrafts	1,816	1,201
Trade creditors	1,050	1,248
Amounts owed to related companies	70	151
Other creditors	61	99
Taxation and Social Security	230	373
Accruals and deferred income	298	609
Obligations under finance leases	157	150
	3,682	3,831

10 Creditors - Amounts falling due after more than one year

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
Other creditors (repayable within 5 years)		
- lease obligations	-	52

11 Obligations under finance leases

Net obligations under finance leases are as follows:

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
Within one year	157	150
In more than one year but not more than five years	-	52
	157	202

12 Provisions for Liabilities and Charges

	<i>At 1 January</i> <i>1999</i> <i>£'000</i>	<i>Charge</i> <i>£'000</i>	<i>Release for</i> <i>year</i> <i>£'000</i>	<i>At 31 December</i> <i>2000</i> <i>£'000</i>
Deferred taxation (note 14)	53	-	(53)	-

13 Share Capital

	<i>2000</i> <i>£'000</i>	<i>1999</i> <i>£'000</i>
Ordinary share of £1 each:		
Authorised, allotted and fully paid	3,334	3,334

As at 31 December 2000, the Company is an 80% subsidiary of Bonna Sabla. The remaining 20% of shares are held by St Gobain Pipelines plc (formerly Stanton plc).

14 Taxation

The corporation tax liability for the year comprised:

	2000 £'000	1999 £'000
UK corporation tax at 30% (1999: 30.25%)		
- current	102	291
- deferred	(13)	53
Over provision in respect of prior years		
- current	(78)	-
- deferred	(40)	-
	(29)	344

At 31 December 2000, there was a potential deferred tax asset comprising:

	2000 Total Potential Liability £'000	2000 Provided £'000	1999 £'000
Accelerated capital allowances	26	26	55
Other timing differences	(42)	(26)	(2)
Deferred (asset)/liability	(16)	-	53

In accordance with the Company's accounting policies, a deferred tax asset has not been recognised.

15 Dividends paid

	2000 £'000	1999 £'000
Interim paid: 12.16p (1999: 22.58p) per £1 ordinary share	405	753

16 Reserves

	Revaluation Reserve £'000	Profit and Loss account £'000
Balance at 1 January 1999	604	1,935
Loss for the financial year	-	(127)
Transfer	(20)	20
Balance at 31 December 2000	584	1,828

17 Reconciliation of movement in shareholders funds

	2000	1999
	£'000	£'000
(Loss)/profit for the financial year	(127)	58
Opening shareholders' funds	5,873	5,815
Closing shareholders' funds	5,746	5,873

18 Capital commitments

There were capital commitments contracted for at 31 December 2000 of £237,000 (1999: £211,000).

19 Contingent liabilities

At 31 December 2000 there were outstanding performance bonds of £163,000 (1999: £496,000).

20 Pension scheme

The majority of the Company employees are members of the Stanton Bonna Pension Plan. This is a defined benefit pension scheme which is funded by Stanton Bonna Concrete Limited and its employees. Contributions are made to a pension trust whose assets are held in a separate trustee administered fund. The contributions to the scheme are determined by a qualified actuary using the projected unit method. The most recent investigation was at 5 April 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 2.25% per annum in excess of salary increases and 4.25% per annum in excess of pension increases.

The most recent actuarial investigation showed that the actuarial valuation of the scheme's assets was £4,603,000 (market value - £5,070,000) and that the actuarial value of those assets represented 102% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The pension cost charged to the profit and loss account for the year was £304,000 (1999: £295,000).

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

	2000	1999
	£'000	£'000
Operating profit	371	1,209
Depreciation charge	717	669
Loss on disposal of fixed assets	16	12
(Increase) in stocks	(288)	(136)
Decrease/(increase) in debtors	447	1,127
(Decrease)/increase in creditors	(587)	(1,072)
Decrease in provisions	-	(144)
	676	1,665

22 Analysis of changes in net debt

	<i>At 1 January 2000 £'000</i>	<i>Cash flows £'000</i>	<i>At 31 December 2000 £'000</i>
Cash in hand	4	2	6
Overdrafts	(1,201)	(615)	(1,816)
	(1,197)	(613)	(1,810)
Debt due within one year			
Finance leases	(202)	45	(157)

23 Reconciliation of net cash flow to movement in net debt

	<i>2000 £'000</i>
Decrease in cash in the period	(613)
Repayment of finance lease capital	45
Change in net debt	(568)
Net debt at 1 January 2000	(1,399)
Net debt at 31 December 2000	(1,967)

24 Operating lease commitments

At 31 December 2000 the Company had annual commitments under non-cancellable operating leases expiring as follows:

	<i>2000 £'000</i>	<i>1999 £'000</i>
Within one year	130	28
Within two and five years	164	230
	294	258

25 *Parent undertakings and ownership*

The Company is an 80 per cent subsidiary of Bonna Sabla, the ultimate parent company and controlling party is Vivendi Universal, both companies are incorporated in France. The remaining 20 per cent of ordinary share capital is owned by St Gobain Pipelines plc (formerly Stanton plc).

26 *Related party transactions*

During the year the Company traded with St Gobain Pipelines plc (formerly Stanton plc), an associated Company. Costs recharged from St Gobain Pipelines plc amounted to £297,000 (1999: £273,000) in respect of utility and rental costs. A balance of £46,000 (1999: £36,000) was payable to St Gobain Pipelines plc at 31 December 2000.

Sales of £5,000 were made to St Gobain Pipelines plc during the year.

During the year the Company also traded with members of the Vivendi Group. The transactions included purchase of plant and machinery £6,000 (1999: £10,000), hire of equipment £140,000 (1999: £102,000), recharges of research and development costs of £31,000 (1999: £30,000) and goods and services of £867,000 (1999: £9,000). At 31 December 2000 £143,000 (1999: £100,000) was payable to other group companies. Trade sales of £121,000 (1999: £33,000) were also made to Vivendi group companies during the year.