

Registration No: 2692681

TYSELEY WASTE DISPOSAL LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2000



TYSELEY WASTE DISPOSAL LIMITED

Annual report and financial statements for the year ended 31 December 2000

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Directors	MJJ Gourvennec JM Kutner C Cyr C Le Guidec R Morin S F Sim E Dupont-Madinier (Resigned 17 February 2000)
Secretary	JM Kutner
Registered office	James Road Tyseley Birmingham B11 2BA
Auditors	RSM Robson Rhodes 186 City Road London EC1V 2NU

TYSELEY WASTE DISPOSAL LIMITED

Report of the directors for the year ended 31 December 2000

The directors present their report together with the audited financial statements for the year ended 31 December 2000.

Principal activities

The principal activity of the company is the disposal of domestic and commercial waste. The Energy from Waste Plant used to dispose of burnable waste produces 25 megawatts of electricity which is sold into the National Grid.

Review of business and future developments

After problems with breakdowns in the first quarter of the year, the Energy from Waste plant continued to operate satisfactorily during the remainder of the year. The Company increased its recycling activities on green waste, rubble and bottom ash which reduced the level of waste going to landfill.

Dividends

A dividend of £2m was declared during the year. (1999 £nil)

Directors

The directors of the company, all of whom held office throughout the year (except where stated otherwise) were:

MJJ Gourvennec
JM Kutner
C Cyr
C Le Guidec
R Morin
S F Sim
E Dupont-Madinier (Resigned 17 February 2001)

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.

Employees

The company consults staff on matters of concern to them in the context of their employment, and encourages the involvement of employees in the company's performance.

Employment of disabled people

The company supports the employment of disabled people wherever possible, having regard to their particular aptitudes and abilities, through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion.

Auditors

The auditors are willing to continue in office. A resolution to reappoint them will be proposed at the Annual General Meeting.

TYSELEY WASTE DISPOSAL LIMITED

Report of the directors for the year ended 31 December 2000 (continued)

Payment to suppliers

The company agrees payment terms with its suppliers when it enters into binding purchase contracts. The company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company seeks to treat all its suppliers fairly, but it does not have a standard or code which deals specifically with the payment of suppliers. The company had 45 days purchases outstanding based on the average daily amount invoiced by suppliers during the year ended 31 December 2000 (1999: 24 days).

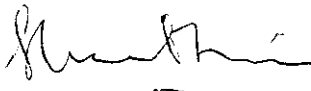
Statement of directors responsibilities

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;
- 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.

By order of the Board



S SIM
Director

31 October 2001

TYSELEY WASTE DISPOSAL LIMITED

Report of the Auditors for the year ended 31 December 2000

Independent Auditors' Report to the Shareholders of Tyseley Waste Disposal Limited

We have audited the financial statements on pages 4 to 15.

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 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.

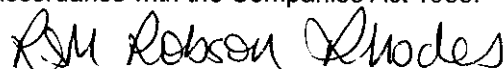
Basis of audit opinion

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 2000 and of its profit 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

31 October 2001

TYSELEY WASTE DISPOSAL LIMITED

Profit and loss account for the year ended 31 December 2000

	Note	Continuing operations	
		2000 £'000	1999 £'000
Turnover	2	29,630	30,331
Operating costs		(21,602)	(20,545)
Gross profit		<u>8,028</u>	<u>9,786</u>
Administration expenses and overheads		(2,077)	(1,950)
Operating profit		<u>5,951</u>	<u>7,836</u>
Interest receivable and similar income	5	867	741
Interest payable and similar charges	6	(5,588)	(5,932)
Profit on ordinary activities before taxation	7	<u>1,230</u>	<u>2,645</u>
Tax on profit on ordinary activities	8	(295)	(800)
Profit on ordinary activities after taxation	7	<u>935</u>	<u>1,845</u>
Dividends paid and proposed	9	(2,000)	-
Retained (loss) / profit for the financial year	18,19	<u><u>(1,065)</u></u>	<u><u>1,845</u></u>

The notes on pages 6 to 15 form part of these statements.

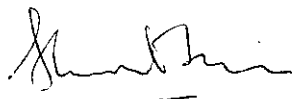
The company has no recognised gains and losses other than those included in the above figures, and therefore no separate statement of total recognised gains and losses has been presented.

TYSELEY WASTE DISPOSAL LIMITED

Balance sheet as at 31 December 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	10	83,223	86,365
Current assets			
Stocks	11	1,681	1,312
Debtors	12	20,630	18,415
Cash at bank and in hand		5,249	6,922
		<u>27,560</u>	<u>26,649</u>
Creditors: amounts falling due within one year	13	(11,600)	(9,637)
Net current assets		<u>15,960</u>	<u>17,012</u>
Total assets less current liabilities		<u>99,183</u>	<u>103,377</u>
Creditors: amounts falling due after more than one year	14	(72,137)	(75,223)
Provision for liabilities and charges	15	(20,016)	(20,059)
Net assets		<u>7,030</u>	<u>8,095</u>
Capital and reserves			
Called up share capital	17	5,100	5,100
Profit and loss account	18	1,930	2,995
Equity shareholders' funds	19	<u>7,030</u>	<u>8,095</u>

The financial statements on pages 4 to 15 were approved by the Board of Directors on 31 October 2001 and were signed on its behalf by:



S F Sim
Director

TYSELEY WASTE DISPOSAL LIMITED

Notes to the financial statements for the year ended 31 December 2000

1 Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom under the historical cost convention, using the following significant accounting policies.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Incineration plant	4.5 – 5.5
Plant and machinery	10
Motor vehicles	25
Office equipment	20

Leased Assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Stocks

The company holds a stock of maintenance materials and consumable items which are valued at the lower of cost and net realisable value. In general cost is determined on a first in first out basis and includes transport and handling costs.

Where necessary, provision is made for obsolete, slow moving and defective stocks.

TYSELEY WASTE DISPOSAL LIMITED

Notes to the financial statements for the year ended 31 December 2000

1 Accounting policies (continued)

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of services supplied.

Deferred Taxation

Provision is made in full for deferred taxation, using the liability method, on all material timing differences to the extent that is probable that a liability or asset will crystallise.

Pensions

The company operates a defined benefit pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. Pension costs are assessed in accordance with the advice of an independent qualified actuary. Costs include the regular cost of providing benefits which it is intended should remain a substantially level percentage of current and expected future earnings of the employees covered. Variations from the regular pension costs are spread evenly through the profit and loss account over the average remaining service lives of current employees.

Certain employees participate in a defined contribution scheme operated by another group company. The assets of the scheme are invested and managed independently of the finances of the group. The pension cost charge represents contributions payable in the year.

Deferred tax is fully accounted for on any difference between accumulated pension costs charged against profit and accumulated contributions paid.

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.

Financing Costs

Financing costs are accounted for in accordance with FRS 4 'Capital Instruments' and are written off over the life of the financing to which they relate. The balance at the end of the period is set against the outstanding liability.

Cashflow statement

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

TYSELEY WASTE DISPOSAL LIMITED

Notes to the financial statements for the year ended 31 December 2000

2 Turnover

Turnover consists entirely of sales made in the United Kingdom.

3 Director's emoluments

	2000 £'000	1999 £'000
Other emoluments, including pension contributions and benefits in kind	95	93

One director who receives emoluments from the company is in the Vivendi UK PLC's group money purchase pension scheme. The other directors are remunerated for their services as directors of other group undertakings, and their emoluments are included within the directors' emoluments disclosure of those group undertakings.

4 Employees

	2000 No.	1999 No.
The average weekly number of employees, including directors, during the year by activity was:		
Incineration and maintenance	69	74
Transport	67	60
Administration	9	9
	<u>145</u>	<u>143</u>

	2000 £'000	1999 £'000
Employee costs including the above consist of:		
Wages and salaries	3,913	3,778
Social security costs	309	297
Pension costs	442	427
	<u>4,664</u>	<u>4,502</u>

TYSELEY WASTE DISPOSAL LIMITED

Notes to the financial statements for the year ended 31 December 2000

5	Interest receivable and similar income	2000	1999
		£'000	£'000
	Interest receivable	867	741
		<u> </u>	<u> </u>
6	Interest payable and similar charges	2000	1999
		£'000	£'000
	Loan interest payable to fellow subsidiary undertaking	5,522	5,844
	Interest on finance leases	66	86
	Other interest payable	-	2
		<u>5,588</u>	<u>5,932</u>
		<u> </u>	<u> </u>
7	Profit on ordinary activities before taxation	2000	1999
		£'000	£'000
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation of tangible fixed assets	4,911	4,952
	Amortisation of financing costs	441	448
	Auditors' remuneration	20	39
	Hire of plant and machinery	102	399
	Rental of leasehold premises	1,546	1,293
	Profit on disposal of tangible fixed assets	(16)	(58)
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
8	Tax on profit on ordinary activities	2000	1999
		£'000	£'000
	United Kingdom corporation tax 30% (1999: 30%)		
	Current year charge	338	195
	Deferred taxation	(43)	605
		<u>295</u>	<u>800</u>
		<u> </u>	<u> </u>

Taxation losses have been surrendered to group companies

TYSELEY WASTE DISPOSAL LIMITED

Annual report and financial statements for the year ended 31 December 2000

9 Dividends

	2000 £'000	1999 £'000
Proposed interim equity dividend of 39.21p (1999 nil)	2,000	-

10 Tangible fixed assets

	Incineration plant £'000	Plant and machinery £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost					
At 1 January 2000	96,462	1,218	1,776	289	99,745
Additions	1,655	111	-	15	1,781
Disposals	-	-	(50)	(145)	(195)
At 31 December 2000	98,117	1,329	1,726	159	101,331
Depreciation					
At 1 January 2000	12,128	405	667	180	13,380
Charge for year	4,462	118	302	29	4,911
Disposals	-	-	(38)	(145)	(183)
At 31 December 2000	16,590	523	931	64	18,108
Net Book Value					
31 December 2000	81,527	806	795	95	83,223
31 December 1999	84,334	813	1,109	109	86,365

Included within motor vehicles are assets held under finance leases with a net book value of £746,000 (1999 - £1,011,000). In the year to 31 December 2000, depreciation of £265,000 was charged on these assets (1999 - £264,000). The cost of the incineration plant includes £11,673,000 of capitalised interest (1999 - £11,673,000).

TYSELEY WASTE DISPOSAL LIMITED

Annual report and financial statements for the year ended 31 December 2000

11	Stocks	2000	1999
		£'000	£'000
	Maintenance materials and consumable items	1,681	1,312
		<u> </u>	<u> </u>
12	Debtors	2000	1999
		£'000	£'000
	Amounts falling due within one year:		
	Trade debtors	4,931	4,537
	Amounts owed by group undertakings	14,481	12,815
	Other debtors	50	-
	Prepayments and accrued income	1,168	1,063
		<u>20,630</u>	<u>18,415</u>
		<u> </u>	<u> </u>
13	Creditors: amounts falling due within one year	2000	1999
		£'000	£'000
	Amounts falling due within one year:		
	Trade creditors	1,824	2,348
	Amounts owed to group undertakings	5,754	3,662
	Other creditors	573	616
	Income tax and social security	98	52
	Accruals and deferred income	264	56
	Loan due to fellow subsidiary undertaking	2,764	2,563
	Obligations under finance leases	323	340
		<u>11,600</u>	<u>9,637</u>
		<u> </u>	<u> </u>
14	Creditors: amounts falling due after more than one year	2000	1999
		£'000	£'000
	Loan due to fellow subsidiary undertaking	71,679	74,442
	Obligations under finance leases	458	781
		<u>72,137</u>	<u>75,223</u>
		<u> </u>	<u> </u>

TYSELEY WASTE DISPOSAL LIMITED

Annual report and financial statements for the year ended 31 December 2000

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

In July 1998, Tyseley Finance PLC, a fellow subsidiary undertaking, formed for the purpose, issued £88m of 6.675 per cent Guaranteed Secured Bonds due 1999-2018. The proceeds were loaned to Tyseley Waste Disposal Limited and used to repay the existing bank loan from Banque Paribas, and the existing loans of £5m from fellow subsidiary undertakings.

The loan is repayable in installments over 19.5 years commencing from January 1999. The remaining repayment schedule can be summarised as follows:

	£'000
Amounts falling due in 1-2 years	2,982
Amounts falling due in 2-5 years	9,961
Amounts falling due in more than 5 years	58,736
Total	<u>71,679</u>

15 Provisions for liabilities and charges

	Deferred taxation £'000
At 1 January 2000	20,059
Profit and loss movements	(43)
At 31 December 2000	<u>20,016</u>

Deferred taxation represents the effect of timing differences arising on excess capital allowances over depreciation.

16 Pension obligations

The company has a defined benefit scheme operated by William M. Mercer Limited under which all former Birmingham City Council employees were eligible to transfer their past service entitlements. The assets of the scheme are held separately from those of the company.

Triennial actuarial valuations of the pension scheme are performed by a qualified actuary using the attained age method. The most recent formal actuarial review of the defined benefit pension scheme was at 30 September 1998. The market value of the scheme's assets at that date was £5,079,531 and the level of funding was 87%. The company is making up this shortfall by increasing its contributions to 19% with effect from 1 January 2000.

TYSELEY WASTE DISPOSAL LIMITED

Annual report and financial statements for the year ended 31 December 2000

16 Pension obligations (continued)

The main actuarial assumptions used in the valuation were:

Investment return	6%
Pensionable salary increases	3.75%
Valuation rate of interest	6%
Pension increases in excess of GMP	2.25%

Staff employees who were not formerly employed by Birmingham City Council are eligible to join the defined contribution section of the Vivendi UK Pension plan. The company funding rate varies between 5% and 10% of salary costs. At the balance sheet date £53,000 (1999 £51,000) was owing by the company to the various pension funds.

Some employees of the group are members of the Onyx final salary pension scheme (formerly Leigh Pension Scheme).

The pension changes in respect of the scheme are calculated by independent qualified actuaries. The most recent formal actuarial review of the scheme was at 1 April 1998. The market value of the scheme's assets at 31 March 2001 was £35,441,054 and the level of funding 111%. The most important assumptions were:

Assumed long term rates of:

Investment returns	10%
Salary increases	7.5%
Dividend increases	5%
Pension increases	4%

17 Share capital

	2000 £'000	1999 £'000
Authorised		
10,000,000 ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
5,100,098 ordinary shares of £1 each and 1 foundation share of £1	5,100	5,100
	<hr/>	<hr/>

The shares of the company are held by the Law Debenture Trust Plc as security trustee for Onyx Esys Montenay Limited.

TYSELEY WASTE DISPOSAL LIMITED

Annual report and financial statements for the year ended 31 December 2000

18 Profit and loss account

	2000 £'000
At 1 January	2,995
Retained loss for the year	(1,065)
At 31 December	<u>1,930</u>

19 Reconciliations of movements in equity shareholders' funds

	2000	1999
Profit for the financial year	935	1,845
Dividends	(2,000)	-
(Decrease)/increase in shareholders' funds	<u>(1,065)</u>	<u>1,845</u>
Opening shareholder's funds	8,095	6,250
Closing shareholders' funds	<u>7,030</u>	<u>8,095</u>

20 Ultimate holding company

The company's ultimate holding company is 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 immediate holding company is Onyx Esys Montenay Limited (registered in England and Wales).

The directors consider Onyx Aurora Limited (registered in England and Wales) to be the smallest group for which group accounts including Tyseley Waste Disposal Limited are drawn up.

21 Cash commitments

Under the terms of the refinancing arrangements in July 1998, the company is required to make cash deposits on behalf of Tyseley Finance PLC, as security for payment of bonds and interest thereon.

TYSELEY WASTE DISPOSAL LIMITED

Annual report and financial statements for the year ended 31 December 2000

22 Financial commitments

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

	2000	1999
	£'000	£'000
Land and buildings		
Expiring after five years	1,521	1,439
	<hr/>	<hr/>
Other assets		
Expiring between two and five years inclusive	104	85
	<hr/>	<hr/>

The operating lease for land and buildings was due for review on 17 January 1999 but has not yet been finalised.

23 Contingencies

The company has secured the bonds issued by Tyseley Finance PLC by way of providing a fixed and floating charge over all of its present and future assets in favour of Tyseley Finance PLC.