

Registration No: 1391256

ACTION WASTE LIMITED

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2000



ACTION WASTE LIMITED

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

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Directors	M Gourvennec J Kutner
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Secretary	J Kutner
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Registered office	Onyx House 401 Mile End Road London E3 4PB
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Auditors	RSM Robson Rhodes 186 City Road London EC1V 2NU
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ACTION WASTE 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, trading review and future developments

The principal activities of the company are environmental services, primarily the disposal of waste materials.

The directors consider that the result for the year, and the year end financial position, were satisfactory.

The directors expect that the present level of activity will be sustained for the foreseeable future.

Directors

J Kutner and M Gourvennec were the company's directors throughout the year. E Dupont-Madinier resigned as a director on 17 February 2000. 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 as at the end of the financial year 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 31 October 2001 and signed on its behalf by:

By order of the Board



J Kutner
Secretary

Independent auditors' report to the shareholders of Action Waste Limited

We have audited the financial statements on pages 3 to 9.

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 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 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

31 October 2001.

ACTION WASTE LIMITED**Profit and loss account for the year ended 31 December 2000**

	Note	Total 2000 £'000	Total 1999 £'000
Turnover	1	5,232	4,307
Cost of sales	2	(4,482)	(3,178)
Gross profit/(loss)		<u>750</u>	<u>1,129</u>
Administration and selling expenses		(1,301)	(887)
Operating (loss)/profit on ordinary activities before taxation	2	<u>(551)</u>	<u>242</u>
Tax on (loss)/profit on ordinary activities	4	(98)	(293)
Retained loss for the financial year	8	<u>(649)</u>	<u>(51)</u>


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.

ACTION WASTE LIMITED

Balance sheet at 31 December 2000

	Note	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	5	7,314	8,281
Current assets			
Stock: work in progress		6	6
Creditors: amounts falling due within one year	6	(5,565)	(6,012)
Net current liabilities		<u>(5,559)</u>	<u>(6,006)</u>
Total assets less current liabilities		1,755	2,275
Provisions for liabilities and charges	7	(137)	(8)
Net assets		<u>1,618</u>	<u>2,267</u>
Capital and reserves			
Called up share capital	8	-	-
Revaluation reserve	9	1,615	1,615
Profit and loss account	9	3	652
Equity shareholders' funds	10	<u>1,618</u>	<u>2,267</u>

The financial statements on pages 3 to 9 were approved by the Board of Directors on 31 /10 / 2001 and were signed on its behalf by:


 J. Kutner
 Director

ACTION WASTE 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 as modified by revaluation of land and buildings.

Turnover

The company's turnover comprises invoice values for the 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.

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.

These have been included in the accounts at directors' valuation. The transitional provisions of FRS 15 have been adopted 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.

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.

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.

Stock

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

ACTION WASTE LIMITED

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

1 Accounting policies (continued)

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 profit on ordinary activities before taxation

	2000 £'000	1999 £'000
This is arrived at after charging:		
Depreciation of tangible fixed assets	967	728
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The auditors' remuneration for the year has been borne by another group undertaking (1999: £ nil).		

3 Employees

	2000 No.	1999 No.
The average weekly number of employees, Including directors, employed during the year was:		
Environmental services	6	7
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	2000 £'000	1999 £'000
Employee costs consist of:		
Wages and salaries	131	151
Social security costs	12	16
Pension costs	4	4
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	147	171
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The directors received no emoluments during the year in respect of their services as directors of the company (1999: £ nil).

ACTION WASTE LIMITED

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

4 Tax on profit on ordinary activities

	2000	1999
	£'000	£'000
United Kingdom corporation tax at 30% (1999: 30%)		
Current year charge	98	293

The effective rate of tax is high due to the add back of depreciation on the freehold landfill site. Taxation liabilities are offset against available group losses.

5 Tangible fixed assets

	Freehold landfill site £'000
Cost or valuation	
At 1 January 2000 and 31 December 2000	9,630
Depreciation	
At 1 January 2000	1,349
Charge for the year	967
At 31 December 2000	2,316
Net book value	
At 31 December 2000	7,314
At 31 December 1999	8,281

The company's landfill sites were revalued by the directors at 31 December 1997. If the freehold land and buildings had not been revalued they would have been included at the following amounts:

	2000	1999
	£'000	£'000
Cost	8,015	8,015
Aggregate depreciation based on cost	(2,316)	(1,349)
	5,699	6,666

6 Creditors: amounts falling due within one year

	2000	1999
	£'000	£'000
Amounts owed to group undertakings	5,310	5,827
Accruals and deferred income	392	193
	5,702	6,020

ACTION WASTE LIMITED

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

7 Provisions for liabilities and charges

	2000 £	1999 £
Provision for aftercare		
At 1 st January	8	4
Transfer from profit and loss account	129	4
Utilised in the year	-	-
At 31 st December	<u>137</u>	<u>8</u>

In the 1999 accounts the provision for aftercare was included within accruals.

8 Share capital

	2000 £	1999 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted and fully paid		
96 ordinary shares of £1 each	<u>96</u>	<u>96</u>

9 Reserves

	Profit and loss account £'000	Revaluation Reserve £'000
At 1 January 2000	652	1,615
Retained loss for the year	(649)	-
At 31 December 2000	<u>3</u>	<u>1,615</u>

10 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Opening shareholders' funds	2,267	2,318
Retained loss for the year	(649)	(51)
Closing shareholders' funds	<u>1,618</u>	<u>2,267</u>

11 Pensions

Defined contribution scheme

The group operates various defined contribution pensions 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 in the intervening years. The latest valuation at 31st December 2000 confirmed that the scheme was adequately funded to meet its current and anticipated future pension liabilities. The most important assumptions were:

Assumed long-term rate of:

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

12 Ultimate parent and controlling company

The ultimate parent and controlling company is Vivendi 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 Limited (registered in England and Wales). The directors consider Onyx Environmental Group Plc (registered in England and Wales) to be the smallest group for which group accounts including Action Waste Limited are drawn up. Copies of the accounts may be obtained from The Registrar of Companies, Crown Way, Cardiff.