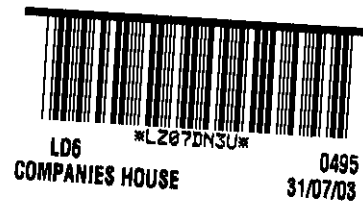


Registration No: 3578923

**TYSELEY FINANCE PLC**

**ANNUAL REPORT**

**YEAR ENDED 31 DECEMBER 2002**



# **TYSELEY FINANCE PLC**

## **Annual report and financial statements for the year ended 31 December 2002**

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### **Contents of the Annual Report**

#### **Page**

1-2	Report of the directors
3	Independent auditors' report
4	Profit and loss account
5	Balance sheet
6	Cash flow statement
7 -13	Notes to the financial statements

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Directors	C du Peloux J Kutner
Secretary	R Hunt
Registered office	Onyx House 154A Pentonville Road London N1 9PE
Auditors	RSM Robson Rhodes LLP 186 City Road London EC1V 2NU
Bankers	Barclays Bank Plc P.O. Box 54 54 Lombard Street London EC3V 9EX
Solicitors	Watson, Farley & Williams 15 Appold Street London EC2A 2HB

## **TYSELEY FINANCE PLC**

### **Report of the directors for the year ended 31 December 2002**

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The directors present their report together with the audited financial statements for the year ended 31 December 2002.

#### **Principal activities**

The company is a special purpose vehicle with the power to issue bonds and on-lend the proceeds to Tyseley Waste Disposal Limited, a fellow subsidiary undertaking.

#### **Business review and future developments**

The profit and loss account is shown on page 4.

The company continued to receive payment of capital and interest on its loan to a fellow subsidiary company on the due dates and make payment of similar amounts of loan and interest to its bondholders.

The directors anticipate the company will continue to receive payment of capital and interest on its loan and make similar payments on its listed bonds in the foreseeable future.

#### **Dividends**

The directors do not recommend the payment of a dividend (2001: £nil).

#### **Directors**

The current directors of the company are shown on the preceding page. M Gourvennec resigned as company director and J Kutner resigned as company secretary 2 January 2003: at this date, C du Peloux was appointed as a director and R Hunt was appointed as Company Secretary.

There are no directors' interests requiring disclosure under the Companies Act 1985, and there have been no changes in these interests up to the date of approval of this Annual Report.

#### **Payment of creditors**

Whilst the company does not follow any external code or standard on payment practice, the policy is to fix terms of payment when agreeing the terms of each business transaction, to ensure that the supplier is aware of those terms, and abide by the agreed terms of payment. The company has no trade creditors at 31 December 2002 (2001 : None) and therefore creditor days is nil (2001: nil).

#### **Shareholder**

The shares of the company are held by The Law Debenture Trust Corporation plc as security trustee. The immediate parent company is Onyx Esys Monteney Limited (incorporated in England and Wales), and the company's ultimate holding company is Veolia Environnement S.A. (incorporated in France). There have been no changes in share interests up to the date of approval of this Annual Report.

#### **Treasury risk management**

Treasury activities are managed under a framework of policies and procedures approved and monitored by the Board. The objectives are to protect the assets of the company and to identify and then manage financial risk. In applying its policies, the company utilises back to back loan agreements in order to negate risk. Further details are given in note 11.

## **TYSELEY FINANCE PLC**

### **Report of the directors for the year ended 31 December 2002 (continued)**

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#### **Interest rate risk**

The company finances its operations through the receipt of capital and interest on its loan with a fellow subsidiary and makes payments of capital and interest on its fixed rate bonds.

The company has no currency or liquidity risk exposure.

#### **Going concern**

After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in the financial statements.

#### **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 these financial statements, the directors are required to:

- select suitable accounting policies and 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 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. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.


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**

On 3 May 2003, the auditors RSM Robson Rhodes transferred their business to RSM Robson Rhodes LLP.

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

On behalf of the Board



J. Kutner  
Director

28 July 2003

## **TYSELEY FINANCE PLC**

### **Report of the Auditors for the year ended 31 December 2002**

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#### **Independent Auditors' Report to the Shareholders of Tyseley Finance PLC**

We have audited the financial statements on pages 4 to 13.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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' 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, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

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 Report of the directors 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 or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the directors and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

#### **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 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
RSM Robson Rhodes LLP  
Chartered Accountants and Registered Auditors

London, England  
28 July 2003

**TYSELEY FINANCE PLC****Profit and loss account for the year ended 31 December 2002**

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	Note	Continuing operations	
		2002 £'000	2001 £'000
<b>Operating result</b>		-	-
Interest receivable and similar income	3	5,348	5,627
Interest payable	4	(5,348)	(5,627)
<b>Result for the financial year</b>	2	<u>-</u>	<u>-</u>

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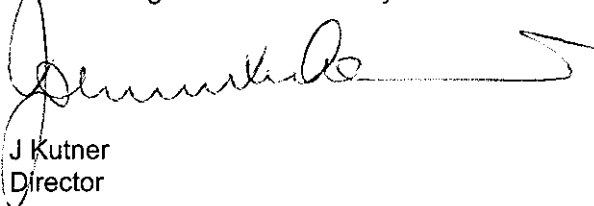
The company has no recognised gains and losses other than those included in the above figures, and therefore no separate statement of total recognised gains and losses has been presented.

**TYSELEY FINANCE PLC**

**Balance sheet as at 31 December 2002**

	<b>Note</b>	<b>2002 £'000</b>	<b>2001 £'000</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	5,773	5,636
Debtors: amounts falling due after more than one year	7	71,900	75,556
		<u>77,673</u>	<u>81,192</u>
Cash at bank and in hand	8	8,645	8,720
		<u>86,318</u>	<u>89,912</u>
Creditors: amounts falling due within one year	9	(14,368)	(14,306)
<b>Net current assets</b>		<u>71,950</u>	<u>75,606</u>
<b>Total assets less current liabilities</b>		<u>71,950</u>	<u>75,606</u>
Creditors: amounts falling due after more than one year	10	(71,900)	(75,556)
<b>Net assets</b>		<u>50</u>	<u>50</u>
<b>Capital and reserves</b>			
Called up share capital	12	50	50
Profit and loss account		-	-
<b>Equity shareholder's funds</b>	13	<u>50</u>	<u>50</u>

The financial statements on pages 4 to 13 were approved by the Board of Directors on 28 July 2003 and were signed on its behalf by:



J Kutner  
Director

**TYSELEY FINANCE PLC**

**Cash flow statement as at 31 December 2002**

	<b>Note</b>	<b>2002 £'000</b>	<b>2001 £'000</b>
<b>Net cash inflow from operating activities</b>	15	-	-
<b>Returns on investment and servicing of finance</b>			
Interest received		5,253	5,537
Interest paid		(5,253)	(5,537)
		-	-
<b>Cash flow before financing</b>		-	-
<b>Management of liquid resources</b>			
Movement in term deposits		75	(75)
<b>Financing</b>			
Bond repayment		(3,424)	(3,206)
Movement in loans due from fellow subsidiary		3,424	3,206
Movement in loans to fellow subsidiary		(75)	75
<b>Increase in cash</b>	17	-	-



**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.

The introduction of a new accounting standard FRS 19 'Deferred Tax' has no impact on these financial statements in either the current or prior year.

**Bond finance costs and income**

These are recognised using the internal rate of return on the bonds, which equates to interest as the issue costs were not borne by this company. These bonds are included in the financial statements as a liability.

**Financial assets**

The carrying amount of the loan from a fellow subsidiary that matches the bond is not reduced if market interest rate movements result in fair values falling beneath carrying amount. Such diminutions are temporary as the bond and debtors are expected to be held to maturity.

**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.

**Financial instruments**

The company has issued fixed rate bonds, and does not enter into speculative derivative contracts. All such instruments are used to maintain the risk profile in line with company risk management policies. Amounts payable or receivable in respect of loans and fixed rate bonds are recognised as interest expense and receivable over the period of the loan term.

**2 RESULT FOR THE FINANCIAL YEAR**

The operating costs of the company, including auditors' remuneration, are all borne by Tyseley Waste Disposal Limited.

**3 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2002 £'000	2001 £'000
Interest receivable from group undertakings	5,120	5,344
Interest receivable on short-term deposits	228	283
	<hr/>	<hr/>
	5,348	5,627
	<hr/>	<hr/>

# TYSELEY FINANCE PLC

## Notes to the financial statements for the year ended 31 December 2002

### 4 INTEREST PAYABLE

	2002 £'000	2001 £'000
Interest on Guaranteed secured bonds	5,120	5,344
Interest payable to fellow subsidiary	228	283
	<u>5,348</u>	<u>5,627</u>

### 5 EMPLOYEES

There were no employees (2001: nil).

### 6 DIRECTORS' REMUNERATION

The Directors did not receive any remuneration in the year (2001: £nil). The directors remuneration of M Gourvennec and J Kutner is disclosed in the financial statements of Onyx UK Limited, but is not separately apportioned.

### 7 DEBTORS

	2002 £'000	2001 £'000
Amounts falling due within one year:		
Loans to fellow subsidiary undertaking	3,656	3,424
Interest receivable from fellow subsidiary	2,111	2,206
Due from fellow subsidiary undertakings	6	6
	<u>5,773</u>	<u>5,636</u>

The proceeds of the Bonds have been on-lent on the Issue Date to Tyseley Waste Disposal Limited under a loan agreement (see note 8). The loans to fellow subsidiary undertaking represent the amounts due from Tyseley Waste Disposal Limited and are repayable at six monthly intervals between 1 January 2003 and 1 July 2018. The repayments match the Company's obligations to make payments of interest and principal under the Bonds. As a result there is no net exposure to market price risk.

	2002 £'000	2001 £'000
Amounts falling due after more than one year:		
Loans to fellow subsidiary undertaking	71,900	75,556
	<u>71,900</u>	<u>75,556</u>

**TYSELEY FINANCE PLC**

**Notes to the financial statements for the year ended 31 December 2002**

**8 CASH**

	<b>2002 £'000</b>	<b>2001 £'000</b>
Cash at bank and in hand:	5	5
Restricted Funds		
Term Deposits – fixed rate	8,640	4,320
Bond – fixed rate	-	4,395
	<u>8,645</u>	<u>8,720</u>

**Restricted Funds**

The amounts represented by the Term Deposits and the Bond may only be used as set down under the terms of the collateral deed dated July 1998. This states that amounts must be held on deposit by Tyseley Finance plc to satisfy specified bond repayments. Cash advanced in respect of these funds from fellow subsidiary undertakings is represented by a corresponding creditor of £8,601,000 (2001: £8,676,000) in 'Amounts due to fellow subsidiary undertakings'.

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2002 £'000</b>	<b>2001 £'000</b>
<i>Amounts falling due within one year:</i>		
Due to fellow subsidiary undertakings	8,601	8,676
Guaranteed secured bonds (see note 10)	3,656	3,424
Interest payable	2,111	2,206
	<u>14,368</u>	<u>14,306</u>

**10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2002 £'000</b>	<b>2001 £'000</b>
Guaranteed secured bonds	<u>71,900</u>	<u>75,556</u>

The guaranteed secured bonds ("the bonds") are repayable as follows:

	<b>2002 £'000</b>	<b>2001 £'000</b>
Due within one year	3,656	3,424
One year but not more than two years	3,904	3,656
More than two years but not more than five years	13,376	12,526
After five years	54,620	59,374
	<u>75,556</u>	<u>78,980</u>

**10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

The bonds are listed on the London Stock Exchange and are repayable at six monthly intervals between 30 January 2003 and 30 July 2018. The bonds carry a fixed interest rate of 6.675% and are secured by way of a guarantee from Tyseley Waste Disposal Limited which was granted a fixed and floating charge over all of its present and future assets. The obligations of the Company under the Bonds have security created in favour of The Law Debenture Trust Corporation plc as security trustee, who hold the shares in the company. The Bonds are in bearer form in denominations of £10,000 and £100,000 and raised £88m on issue.

The Bonds constitute direct, unconditional and secured obligations of the Company which rank *pari passu* and rateably without any preference or priority among themselves and rank in priority to all unsecured obligations of the Company save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Company may at any time with approval having given not less than 30 nor more than 60 days' notice to the Bondholders:

- redeem the Bonds in whole but not in part at the greater of par and an amount calculated in accordance with a "Spens Formula" as set out in "Terms and Conditions of the Bonds - Redemption and Purchase";
- redeem the bonds at the Redemption Price if, as a result of certain changes in the laws or regulations of the United Kingdom, the Company becomes obliged to pay additional amounts as set out in "Terms and Conditions of the Bonds - Redemption for tax reasons".

In certain circumstances (as specified in the Collateral Deed) following the occurrence of an Authority Event (as defined in the Performance Guarantee), the Company, upon being directed by Financial Security Assurance UK Limited, shall redeem the Bonds in whole but not in part, on giving not less than 30 nor more than 60 days' notice to the Bondholders, at their outstanding principal amount together with interest accrued up to, but excluding the date of redemption.

All costs and expenses in respect of the Bond issue have been borne by Tyseley Waste Disposal Limited.

**Borrowing facilities**

The company has £Nil (2001: £Nil) undrawn borrowing facility at 31 December 2002.

# TYSELEY FINANCE PLC

## Notes to the financial statements for the year ended 31 December 2002

### 11 FINANCIAL ASSETS AND LIABILITIES

The financial assets and liabilities are all denominated in sterling as follows:

	2002 £'000	2001 £'000
<b>Financial assets</b>		
Floating rate – sterling base rate LIBOR	5	5
Fixed rate		
Short term deposits – 3.87% (2001: 5.0 %)	8,640	4,320
Unlisted short term bond to 2002: 5.01%	-	4,395
Term loan to 2018 – 6.675 %	75,556	78,980
	<u>84,201</u>	<u>87,700</u>
<b>Financial liabilities</b>		
Fixed rate – bonds to 2018 – 6.675 %	75,556	78,980
Loan due to fellow subsidiary	8,601	8,676
	<u>84,157</u>	<u>87,656</u>

Floating rate bears interest at LIBOR.

The weighted average fixed rate for short term deposits is 3.7636 % (2001: 5.2753 %) and the weighted average period over which the rate applies is 27 days (2001: 15 days).

The weighted average fixed rate for unlisted short term bonds is 5.01% (2001: 5.8605 %) and the weighted average period over which the rate applies is 151 days (2001: 178 days).

Financial assets in 'short term deposits' and 'unlisted short term bond' represent cash advances from fellow subsidiary undertakings. These restricted funds are ring-fenced in order to service debt finance. The 'Loan due to fellow subsidiary' represents the inter-group charge generated from the advancement of the debt service cash. Interest is charged on this loan as a direct recharge of the interest receivable on the restricted fund cash on deposit.

In the above disclosures short-term non-financial assets and liabilities are excluded.

The fair value of the financial assets and liabilities is as follows:

	2002		2001	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
<b>Financial assets</b>				
Loan to fellow subsidiary				
- short term	3,656	3,979	3,424	3,218
- long term	71,900	78,242	75,556	71,008
cash	8,645	8,645	8,720	8,720
<b>Financial liabilities</b>				
Long term borrowings	(75,556)	(82,221)	(78,980)	(74,226)
Loan from fellow subsidiary	(8,601)	(8,601)	(8,676)	(8,676)

Fair values of long term financial liabilities have been calculated using quoted market prices at the balance sheet dates.

# TYSELEY FINANCE PLC

## Notes to the financial statements for the year ended 31 December 2002

### 12 SHARE CAPITAL

	2002 £'000	2001 £'000
<b>Authorised</b>		
50,000 ordinary shares of £1 each	50	50
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
50,000 ordinary shares of £1 each	50	50
	<u>          </u>	<u>          </u>

### 13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2002 £'000	2001 £'000
Result for the financial year	-	-
Opening shareholder's funds	50	50
	<u>          </u>	<u>          </u>
Closing shareholder's funds	50	50
	<u>          </u>	<u>          </u>

### 14 ULTIMATE HOLDING AND CONTROLLING COMPANY

The company's ultimate holding company is 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 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 Finance PLC are drawn up. Copies of the accounts may be obtained from The Registrar of Companies, Crown Way, Cardiff.

**TYSELEY FINANCE PLC**

**Notes to the financial statements for the year ended 31 December 2002**

**15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2002 £'000	2001 £'000
Operating result	-	-
Net cash inflow from operating activities	-	-

**16. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2002 £'000	2001 £'000
Increase in cash	-	-
Cash outflow from decrease in debt	-	-
Increase in net funds from cash flow	-	-
Movement in net funds	-	-
Net funds at 1 January	5	5
Net funds at 31 December	5	5

**17. ANALYSIS OF NET DEBT**

	1 January 2001 £'000	Cash flow £'000	31 December 2002 £'000
Cash at bank and in hand	5	-	5
Guaranteed secured bonds	(78,980)	3,424	(75,556)
Amounts due from fellow subsidiary	78,980	(3,424)	75,556
Amounts due to fellow subsidiary	8,676	75	8,601
Cash on deposit	8,715	(75)	8,640
	-	-	-
	5	-	5