

**Nalco UK Investments Limited**

Annual report and accounts  
for the year ended 31 December 2000

Registered number: 2566539



## Directors and advisers

### Directors

G. Brannon (resigned 9 May 2000)  
M. Knight (appointed 9 May 2000)

### Secretary

C.R. Lee

### Registered office

P.O. Box 11  
Winnington Avenue  
Northwich  
Cheshire  
CW8 4DX

### Auditors

Arthur Andersen  
Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

### Solicitors

Eversheds  
London Scottish House  
24 Mount Street  
Manchester  
M2 3DB

### Bankers

Bank of America  
26 Elmfield Road  
Bromley  
Kent  
BR1 1WA

## Director's report

For the year ended 31 December 2000

The director presents the annual report on the affairs of the company, together with the accounts and auditors' report for the year ended 31 December 2000.

### Director's responsibilities

Company law requires the director 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 director is 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; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the accounts comply with the Companies Act 1985. He is 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.

### Principal activity

The company acts as a holding company.

### Results and dividends

Results, dividends and recommended transfers to reserves are as follows:

	£'000
Retained loss at 1 January 2000	(52,306)
Retained profit for the year	866
Retained loss at 31 December 2000	<u>(51,440)</u>

The director does not recommend the payment of a dividend.

### Director and his interests

The directors of the company who served during the year are listed on page 1.

The director did not hold any beneficial interest in the shares of the company. G. Brannon resigned on 9 May 2000 and M. Knight was appointed on the same date.

## Director's report (continued)

### Auditors

During the year Arthur Andersen were appointed as auditors. The directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,

A handwritten signature in black ink that reads "M Knight". The signature is written in a cursive style with a large, looped 'M' and a trailing 't'.

*M. Knight*  
M. Knight  
Director

18 October 2001

**To the Shareholders of Nalco UK Investments Limited:**

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

**Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the company's state of affairs 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.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

18 October 2001

## Profit and loss account

For the year ended 31 December 2000

	Notes	2000 £'000	1999 £'000
Interest receivable	2	1,237	1,225
<b>Profit on ordinary activities before tax</b>		1,237	1,225
Tax on profit on ordinary activities	3	(371)	(371)
<b>Retained profit for the financial year</b>	7	866	854

The company has no recognised gains or losses other than the retained profit for the year. All activities arose from continuing operations.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet  
31 December 2000

	Notes	2000 £'000	1999 £'000
<b>Investments</b>			
Subsidiary undertakings	4	42,938	41,701
<b>Current liabilities</b>			
<b>Creditors:</b> Amounts falling due within one year	5	(742)	(371)
<b>Net current liabilities</b>		(742)	(371)
<b>Net assets</b>		42,196	41,330
<b>Capital and reserves</b>			
Called-up share capital	6	74,566	74,566
Share premium account		19,070	19,070
Profit and loss account	7	(51,440)	(52,306)
<b>Equity shareholders' funds</b>	8	42,196	41,330

Signed on behalf of the Board



M. Knight  
Director

18 October 2001

The accompanying notes are an integral part of this balance sheet.

## Notes to the financial statements

31 December 2000

### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

#### a) *Prior year comparatives*

Prior year numbers were audited by a firm other than Arthur Andersen.

#### b) *Basis of accounting*

The accounts are prepared under the historical cost convention. Assets and liabilities are recognised in the accounts where, as a result of past transactions or events, the company has rights or other access to future economic benefits controlled by the company, or obligations to transfer economic benefits. The accounts have been prepared in accordance with applicable accounting standards.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Suez Lyonnaise de Eaux SA which prepares consolidated accounts which are publicly available. The company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

#### c) *Taxation*

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Provision is made for deferred taxation, principally accelerated taxation allowances on UK capital expenditure, only to the extent that it is expected to crystallise in the foreseeable future. No provision has been made for deferred tax on earnings retained overseas, as there is no intention to remit any such earnings giving rise to a tax charge in the foreseeable future.

No provision has been made in respect of deferred taxation on the difference between the tax value and the carrying value of revalued property as there is no intention to dispose of it in the foreseeable future.

#### c) *Investments*

Investments in subsidiary and associated undertakings are stated at cost, in their local currency, less provisions for permanent diminution in values. Differences on retranslation of investment balances are taken to reserves.

### 2 Interest receivable

	2000 £'000	1999 £'000
On loans to group undertakings	<u>1,237</u>	<u>1,225</u>



## Notes to the financial statements (continued)

### 3 Taxation on profit on ordinary activities

	2000 £'000	1999 £'000
UK corporation tax	<u>371</u>	<u>371</u>

### 4 Fixed asset investments

	2000 £'000	1999 £'000
Subsidiary undertakings	<u>42,938</u>	<u>41,701</u>

The company has investments in the following undertakings. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

Subsidiary undertakings	Country of incorporation	Holding %
Nalco Limited	England	100

	Shares £'000	Loans £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2000	23,937	17,764	41,701
Repayment of loan	-	1,237	1,237
At 31 December 2000	<u>23,937</u>	<u>19,001</u>	<u>42,938</u>

### 5 Creditors: Amounts falling due within one year

	2000 £'000	1999 £'000
UK corporation tax payable	371	-
Amounts owed to fellow group companies	<u>371</u>	<u>371</u>
	<u>742</u>	<u>371</u>

## Notes to the financial statements (continued)

### 6 Called-up share capital

	2000 £'000	1999 £'000
<i>Allotted, called-up and fully paid</i>		
74,566,263 Ordinary shares of £1 each	74,566	74,566

### 7 Reserves

	Share premium £'000	Profit and loss account £'000
At beginning of year	19,070	(52,306)
Profit for the financial year	-	866
At end of year	19,070	(51,440)

### 8 Reconciliation of movements in equity shareholder's funds

	2000 £'000	1999 £'000
Retained profit for the year	866	854
Opening equity shareholders' funds	41,330	40,476
Closing equity shareholders' funds	42,196	41,330

### 9 Ultimate parent company

The directors regard Suez Lyonnaise des Eaux SA, incorporated in France, as the ultimate parent company and the ultimate controlling party.

Suez Lyonnaise des Eaux SA is the parent company of the largest group of which the company is a member and for which group accounts are drawn up. Copies of the accounts are available from Financial Communications, 1 Rue d'Asterg, 75008, Paris, France.

### 10 Related party transactions

As a subsidiary undertaking of Suez Lyonnaise des Eaux SA, the company has taken advantage of the exemptions in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by Suez Lyonnaise des Eau SA.

### 11 Cash flow statement

No cash flow statement has been prepared in accordance with FRS 1(Revised) 1996 as the accounts of Suez Lyonnais des Eaux SA, the ultimate parent company, include a consolidated cash flow statement which include the company's cash flows.