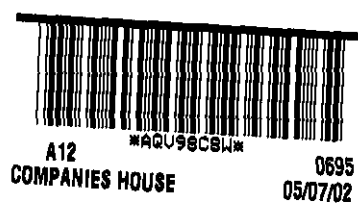


Registered Number 1102042

Coal Products Limited  
Annual Report  
for the year ended 31 March 2002



Coal Products Limited  
Annual Report  
for the year ended 31 March 2002  
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# **Coal Products Limited**

## **Directors and advisors for the year ended 31 March 2002**

### **Directors**

B A Williams

A G Hayes

### **Secretary and Registered Office**

B A Williams

Mill Lane

Wingerworth

Chesterfield

Derbyshire

S42 6NG

### **Registered Auditors**

PricewaterhouseCoopers

1 East Parade

Sheffield

S1 2ET

### **Solicitors**

DLA

Fountain Precinct

Balm Green

Sheffield

S1 1RZ

### **Bankers**

The Royal Bank of Scotland

P O Box 450

5-10 Great Tower Street

London

EC3P 3HX

# Coal Products Limited

## Directors' report for the year ended 31 March 2002

The directors present their report and the audited financial statements for the year ended 31 March 2002.

### Principal activities

The principal activities of the company are the manufacture and sale of briquette and smokeless fuels, coke and various primary by-products, notably coke oven gas, crude tar and crude benzole. The company also provides ceramic welding services for operators of coke ovens.

### Review of business and future developments

The profit and loss account for the year is set out on page 6.

In March 2002 the Shildon site was closed and all production transferred to Immingham. Provision has been made in these financial statements for redundancy costs and costs of closure of the Shildon site including write down of fixed assets to their recoverable amounts. In April 2002 the closure of the Cwm site was announced as a result of the continued market decline and competition from foreign imports. The level of business and year-end position of the remaining operations remain satisfactory and will be sustained for the foreseeable future.

### Dividends

The directors have declared or now recommend the following dividends in respect of the year ended 31 March:

	2002 £m	2001 £m
Ordinary dividends:		
Final proposed	-	15.0
	-	15.0

### Research and development

The company currently maintains a central research and development facility, which is largely concerned with the enhancement of, and additions to, the company's largely coal based product range.

### Directors and directors' interests

The directors of the company who served during the year, are listed below:

W F Clarke	(resigned 1 May 2002)
D E Foster	(resigned 16 November 2001)
A G Hayes	(appointed 8 March 2002)
S Howarth	(resigned 30 November 2001)
B A Williams	
K Broom	(resigned 31 December 2001)

There is no requirement for directors to retire by rotation.

# Coal Products Limited

According to the register kept in accordance with the Companies Act 1985 the directors at 31 March 2002 had no interests in the shares of the company.

Mr B A Williams is also a director of the ultimate holding company at 31 March 2002 and his interests in the shares of the group companies are disclosed in the directors' report of that company. Mr A G Hayes has no interests in the shares of group companies at 31 March 2002.

## **Charitable contributions**

During the year the company made charitable donations of £851 (2001: £1,747) and no donations in either year for political purposes.

## **Employment policies**

The policy of the directors is to encourage the involvement of all employees in the development and performance of the company.

All employees receive notification of important developments, acquisitions and other matters of interest through regular editions of the parent company's journal.

The employees of the company have been encouraged to participate in the future progress of Coal Products Limited by being able to subscribe for shares in the ultimate parent company via an employees' share scheme.

The company pursues a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others, having regard to the aptitudes and abilities of each applicant. Efforts are made to enable employees who become disabled during their employment to continue their careers with the company. Training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees who are not disabled.

The company recognises the high standards required to ensure the health, safety and welfare of its employees at work, its customers and the general public. The policies in this regard are regularly reviewed with the objective of ensuring these standards are maintained.

## **Payment record**

It is the policy of the company to establish appropriate terms and conditions for transactions with suppliers which may range from standard terms and conditions to individually negotiated contracts. Payments in relation thereto should therefore be made in accordance with those terms and conditions, subject to reciprocal compliance fulfilling the same criteria. The number of creditor days in relation to trade creditors outstanding at the year end was 25 days (2001: 49 days).

## **Auditors**

A resolution to reappoint the auditors, PricewaterhouseCoopers, will be proposed at the annual general meeting.

By order of the board

  
A G Hayes  
Director

July 2002

# Coal Products Limited

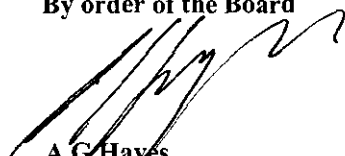
## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently, with the exception of FRS19 "Deferred taxation" which has been adopted in the year. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2002, that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records that 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.

**By order of the Board**



A G Hayes  
Director  
July 2002

# Coal Products Limited

## Independent auditors' report to the members of Coal Products Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board.

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 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. The other information comprises only the directors' report.

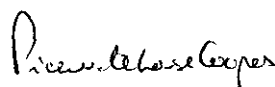
### Basis of audit opinion

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



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Sheffield

2 July 2002

# Coal Products Limited

## Profit and loss account for the year ended 31 March 2002

	Note	2002 £m	2002 £m	2002 £m	2001 £m
		Discontinued	Continuing	Total	
<b>Turnover</b>	1	<b>24.2</b>	<b>55.7</b>	<b>79.9</b>	80.8
Net operating expenses	2	(24.6)	(46.9)	(71.5)	(68.7)
Exceptional operating expenses	2	(0.7)	(1.4)	(2.1)	(0.2)
<b>Operating profit</b>		<b>(1.1)</b>	<b>7.4</b>	<b>6.3</b>	11.9
Profit on disposal of associated undertakings	3			1.9	-
<b>Profit on ordinary activities before interest and taxation</b>				<b>8.2</b>	11.9
Income from shares in subsidiary companies				-	0.1
Interest receivable	6			0.4	0.2
<b>Profit on ordinary activities before taxation</b>				<b>8.6</b>	12.2
Tax on profit on ordinary activities	7			(0.8)	(0.1)
<b>Profit for the financial year</b>				<b>7.8</b>	12.1
Dividends	8			-	(15.0)
<b>Profit/(loss) retained for the financial year</b>	19			<b>7.8</b>	(2.9)

The company has no recognised gains and losses other than the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented.

In both the current and preceding years, there were no material differences between the profit/(loss) reported in the profit and loss account and the profit/(loss) on an unmodified historical cost basis.



## Coal Products Limited

### Reconciliation of movements in shareholders' funds


	2002	2001
	£m	£m
Profit for the financial year	7.8	12.1
Dividends	-	(15.0)
Net increase/(decrease) in shareholders' funds	7.8	(2.9)
Opening shareholders' funds	44.2	47.1
Closing shareholder's funds	52.0	44.2

# Coal Products Limited

## Balance sheet as at 31 March 2002

	Note	2002 £m	2001 £m
<b>Fixed assets</b>			
Intangible assets	9	0.5	0.5
Tangible assets	10	14.3	17.3
Investments	11	70.4	71.1
		<b>85.2</b>	<b>88.9</b>
<b>Current assets</b>			
Stock	12	12.5	18.3
Debtors	13	28.0	8.6
Cash at bank and in hand		4.2	8.7
		<b>44.7</b>	<b>35.6</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(6.7)</b>	<b>(9.2)</b>
<b>Net current assets</b>		<b>38.0</b>	<b>26.4</b>
<b>Total assets less current liabilities</b>		<b>123.2</b>	<b>115.3</b>
<b>Creditors: amounts falling due after more than one year</b>	14	<b>(70.5)</b>	<b>(70.7)</b>
<b>Provisions for liabilities and charges</b>	15	<b>(0.7)</b>	<b>(0.4)</b>
		<b>(71.2)</b>	<b>(71.1)</b>
<b>Net assets</b>		<b>52.0</b>	<b>44.2</b>
<b>Capital and reserves</b>			
Called up share capital	18	42.1	42.1
Revaluation reserve	19	0.6	0.6
Profit and loss account	19	9.3	1.5
<b>Equity shareholders' funds</b>		<b>52.0</b>	<b>44.2</b>

The financial statements on pages 6 to 24 were approved by the board of directors on 2 July 2002 and were signed on its behalf by:

  
A G Hayes  
Director

# Coal Products Limited

## Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, with the exception of FRS19 "Deferred taxation" which has been adopted in the year, is set out below:

### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

### **Exemption from preparing consolidated financial statements**

The financial statements contain information about Coal Products Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, CPL Industries Limited, a company registered in England and Wales.

### **Intangible fixed assets**

Goodwill arising on the acquisition of businesses represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is capitalised and is eliminated by amortisation through the profit and loss account over 20 years, being the directors' estimate of its useful economic life.

### **Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. The company has taken advantage of the transitional provisions of FRS15 and has retained assets shown at valuation at their book amounts and the valuation has not been updated.

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

Freehold buildings and leasehold properties	50 years or over period of lease if less than 50 years
Industrial Buildings	40 years or over period of lease if less than 40 years
Plant, machinery and equipment	5 - 20 years

Freehold land is not depreciated.

### **Fixed asset investments**

Fixed asset investments are held at cost less provision for permanent diminution in value.

### **Research and development**

Expenditure on research and development is charged to revenue in the year in which it is incurred. Capital expenditure on research establishment buildings, facilities and equipment is written off over their expected working lives.

# Coal Products Limited

## **Finance and operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

## **Stocks and work in progress**

Stocks and work in progress are stated 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. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stocks.

## **Foreign currencies**

Transactions in overseas currencies are translated at the spot rate on the date of the transaction, with gains or losses arising on settlement of the transaction being taken to the profit and loss account. Assets and liabilities are translated at the rates ruling at the balance sheet date or at a contracted rate if applicable.

## **Turnover**

Turnover represents the amount, exclusive of VAT, arising from sales of goods and services including rents and royalties falling within the company's ordinary activities.

## **Deferred taxation**

The company has adopted FRS 19 'Deferred tax' from 1 April 2001 and this is reflected in these financial statements. Deferred tax is now provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax is not provided on timing differences arising from revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Previously, provision was made for deferred taxation using the liability method on all material timing differences, to the extent that it was probable that a liability or asset would crystallise in the foreseeable future. The adoption of FRS 19 reflects a change in accounting policy. This change in accounting policy has no material effect on the results of the prior year and consequently the prior year figures have not been restated. There is also no material effect on the current year results.

## **Pension costs**

The company formerly made contributions to the British Coal Corporation Staff Superannuation Scheme and The Pension Scheme. As a result of the privatisation of the industry these schemes have been declared closed. The schemes are backed by government guarantee and no future liability will fall upon the company.

Employees who were members of the above schemes on 3 February 1995 were eligible to join either the Industry Wide Coal Staff Superannuation Scheme or the Industry Wide Mineworkers Pension Scheme. The company will make contributions as agreed with the Committees of Management, having regard to the actuary's recommendations.

## **Coal Products Limited**

The company also contributes to a group defined benefit pension scheme operated by CPL Industries Limited. Contributions and pension costs are based on pension costs across the group as a whole.

Contributions to pension schemes in respect of current and past services, ex gratia pensions, and cost of living adjustments to existing pensions are based on the advice of actuaries. In accordance with SSAP 24, pension costs are recognised on a systematic basis so that the cost of providing retirement benefit to employees is evenly spread, so far as possible, over the service lives of the employees concerned. Material deficiencies or surpluses arising from triennial valuations of the schemes will be dealt with by changes in the level of contributions, or improvement in benefit, or both.

The company also contributes to a defined contribution money purchase scheme operated by CPL Industries Limited. Contributions to this scheme are charged to the profit and loss account as incurred. As the company is unable to identify its share of the underlying assets and liabilities of the group scheme, the scheme will be accounted for by the company as a defined contribution scheme under FRS 17. The FRS17 transitional disclosures in respect of the CPL Industries Limited schemes are given in the accounts of that company.

The company provides no other post retirement benefits to its employees.

### **Cash flow statement**

The company is a wholly owned subsidiary of CPL Industries Limited and the cash flows of the company are included in the consolidated group cash flow statement of CPL Industries Limited. Consequently the company is exempt under the terms of FRS1 "Cash Flow Statements" from publishing a cash flow statement.

### **Related party transactions**

In accordance with the exemption allowed by FRS8 "Related Party Transactions" transactions with CPL Industries Limited and fellow subsidiary undertakings are not disclosed.

# Coal Products Limited

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

### 1 Turnover

Geographical analysis by destination:	2002 £m	2002 £m	2002 £m	2001 £m	2001 £m	2001 £m
	Discontinued	Continuing	Total	Discontinued	Continuing	Total
United Kingdom	24.2	55.5	79.7	24.9	55.7	80.6
Europe	-	0.2	0.2	-	0.2	0.2
	24.2	55.7	79.9	24.9	55.9	80.8

Turnover represents the amounts arising from the sales of goods and services, including rents and royalties, arising from the company's sole activity of coking, briquetting and by-products, which fall within the company's ordinary activities, stated net of value added tax.

### 2 Net operating expenses

	2002 £m	2002 £m	2002 £m	2001 £m	2001 £m	2001 £m
	Discontinued	Continuing	Total	Discontinued	Continuing	Total
Raw materials and consumables stores	16.4	27.6	44.0	16.2	28.8	45.0
Other external charges	3.4	7.6	11.0	3.6	7.1	10.7
Employee costs (note 5)	4.3	5.5	9.8	4.2	5.7	9.9
Depreciation (note 11)	0.1	2.3	2.4	0.5	2.4	2.9
Exceptional operating expenses	0.7	1.4	2.1	-	0.2	0.2
	24.9	44.4	69.3	24.5	44.2	68.7
Decrease in stocks of finished goods	0.4	4.2	4.6	0.2	0.4	0.6
Other operating income	-	(0.3)	(0.3)	-	(0.4)	(0.4)
	25.3	48.3	73.6	24.7	44.2	68.9

Operating lease payments included in other external charges were £0.6m (2001: £0.4m) in respect of land and buildings.

Other external charges include audit fees and expenses of £35,000 (2001: £34,986).

## Coal Products Limited

Depreciation includes £0.1m (2001: £0.3m) relating to plant and machinery held under finance leases.

Research and Development expenditure charged to the profit and loss account and included within other external charges amounted to £0.3m (2001: £0.6m).

### Exceptional operating expenses

During the year the Shildon site was closed and all production transferred to Immingham. This resulted in asset write off costs of £1.2m and £0.2m of other costs. The closure of the Cwm site announced post year-end resulted in a write-off of the consumable stores and spares stocks of £0.6m. Other redundancy costs of £0.1m were incurred on the closure of one of the batteries at the Cwm site during the year. Other closure costs in respect of the Cwm site will be dealt with in the financial statements for the year ending 31 March 2003.

	2002	2001
	£m	£m
Shildon asset write-off charges	1.2	-
- Other costs	0.2	-
Cwm stock write off	0.6	-
Other redundancy costs	0.1	0.2
	2.1	0.2

Exceptional operating expenses are analysed as follows:

	2002	2001
	£m	£m
Raw materials and consumables stores	0.6	-
Other external charges	0.1	-
Employee costs	0.2	0.2
Depreciation	1.2	-
	2.1	0.2

# Coal Products Limited

## 3 Profit on disposal of associated undertakings

	2002	2001
	£m	£m
Profit on disposal of associated undertakings	1.9	-

On 14 January 2002 the company sold its holding in Aveley Methane Limited, Bidston Methane Limited and Winterton Power Limited to Novera Energy Europe Limited for £2.5m, realising a profit on disposal of £1.9m. The tax liability in respect of this transaction will be covered by group relief surrendered by another group company.

## 4 Directors' emoluments

Only one of the directors received any emoluments in respect of their directorship of Coal Products Limited during the year (2001: none). His aggregate emoluments amounted to £5,600 (2001:£nil).

## 5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the period was:

By activity	2002	2001
	Number	Number
Production	334	361
Administration	25	29
	359	390
Staff costs (for the above persons)	2002	2001
	£'m	£'m
Wages and salaries	8.3	8.4
Social security costs	0.6	0.6
Other pension costs	0.9	0.9
	9.8	9.9



# Coal Products Limited

## 6 Interest receivable

	2002 £m	2001 £m
Interest receivable		
Bank and other	0.4	0.2

## 7 Tax on profit on ordinary activities

	2002 £m	2001 £m
UK corporation tax at 30% (2001: 30%)		
Current	0.6	0.1
Deferred	0.2	-
	0.8	0.1

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £m	2001 £m
Profit on ordinary activities before tax	8.6	12.2
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001: 30%)	2.6	3.7
Effect of accelerated capital allowances and other timing differences	(1.8)	(3.6)
Current tax charge for the year	0.8	0.1

## 8 Dividends

	2002 £m	2001 £m
Dividends on equity shares		
Ordinary (2001: 35.6p)	-	15.0

# Coal Products Limited

## 9 Intangible fixed assets

	Goodwill
	£m
<b>Cost</b>	
At 1 April 2001	0.5
Additions	-
<b>At 31 March 2002</b>	<b>0.5</b>
<b>Amortisation</b>	
At 1 April 2001	-
Charge for year	-
<b>At 31 March 2002</b>	<b>-</b>
<b>Net book value</b>	
<b>At 31 March 2002</b>	<b>0.5</b>
At 31 March 2001	0.5

The amortisation charge for the period was £28,852 (2001: £27,365) and does not appear in the above table as it has been prepared in £m's.

# Coal Products Limited

## 10 Tangible fixed assets

	Freehold land and buildings	Short leasehold land and buildings	Plant and machinery	Industrial buildings	Total
	£m	£m	£m	£m	£m
<b>Cost</b>					
At 1 April 2001	6.1	0.3	54.0	2.3	62.7
Additions	-	-	0.7	-	0.7
Disposals	-	-	(0.9)	(0.1)	(1.0)
<b>At 31 March 2002</b>	<b>6.1</b>	<b>0.3</b>	<b>53.8</b>	<b>2.2</b>	<b>62.4</b>
<b>Depreciation</b>					
At 1 April 2001	1.5	0.2	42.4	1.3	45.4
Charge for year	0.1	-	3.5	-	3.6
Disposals	-	-	(0.8)	(0.1)	(0.9)
<b>At 31 March 2002</b>	<b>1.6</b>	<b>0.2</b>	<b>45.1</b>	<b>1.2</b>	<b>48.1</b>
<b>Net book value</b>					
<b>At 31 March 2002</b>	<b>4.5</b>	<b>0.1</b>	<b>8.7</b>	<b>1.0</b>	<b>14.3</b>
At 31 March 2001	4.6	0.1	11.6	1.0	17.3

The depreciation charge for the year includes an exceptional charge of £1.2m. See note 2.

Net book amounts of tangible fixed assets include £0.2m (2001: £0.3m) relating to assets held under finance leases.

Valuations of the company's land and buildings were carried out during 1991 by chartered surveyors. These valuations, which were incorporated in the accounts at that date, were made at open market value for existing use. If they had not been revalued the company's freehold land and buildings would be carried in the accounts at £4.2m (2001: £4.3m).

Following the implementation of FRS15 'Tangible Fixed Assets' the tangible fixed assets previously revalued have been retained at their book amounts, as permitted by the transitional provisions of FRS15.

# Coal Products Limited

## 11 Fixed asset investments

	Subsidiary undertakings	Associated undertakings	Loans	Total
	£m	£m	£m	£m
<b>Cost</b>				
At 1 April 2001	70.5	0.2	0.5	71.2
Disposal	-	(0.2)	-	(0.2)
Repayments	-	-	(0.5)	(0.5)
<b>At 31 March 2002</b>	<b>70.5</b>	<b>-</b>	<b>-</b>	<b>70.5</b>
<b>Amounts written off</b>				
At 1 April 2001 and 31 March 2002	0.1	-	-	0.1
<b>Net book amount</b>				
<b>At 31 March 2002</b>	<b>70.4</b>	<b>-</b>	<b>-</b>	<b>70.4</b>
<b>Net book amount</b>				
At 31 March 2001	70.4	0.2	0.5	71.1

Fixed asset investments in subsidiary undertakings includes a £70m investment in National Smokeless Fuels Ltd, which is a non-trading company. There is a corresponding creditor with this investment disclosed under amounts falling due after more than one year (see note 14).

### Subsidiary undertakings

Subsidiary undertakings and the nature of their business are as follows:

Subsidiary	Nature of business	Class of capital	% held
CPL Environmental Engineering Ltd	Non trading	Ordinary shares	100
National Smokeless Fuels Ltd	Non trading	Ordinary shares	100
British Fuels Ltd	Non trading	Ordinary shares	100
CPL Carbons Ltd	Non trading	Ordinary shares	100
Palco Shipping & Trading Ltd	Shipping	Ordinary shares	100
CPL Filters Ltd	Non trading	Ordinary Shares	100

All subsidiaries are incorporated in Great Britain.

# Coal Products Limited

## Associated undertakings

All associated undertakings were sold during the year realising a gain on disposal of £1.9m (see note 3).

## 12 Stocks

	2002	2001
	£m	£m
Raw materials and consumables	3.0	4.2
Finished goods	9.5	14.1
	12.5	18.3

## 13 Debtors

Amounts falling due within one year	2002	2001
	£m	£m
Trade debtors	2.0	2.0
Amounts owed by Group undertakings	25.4	5.8
Other debtors	-	0.2
Prepayments and accrued income	0.6	0.6
	28.0	8.6

## 14 Creditors

	2002	2001
	£m	£m
Amounts falling due within one year		
Trade creditors	3.2	6.0
Amounts owed to group undertakings	0.1	0.3
Group relief payable	1.7	1.0
Other taxation and social security	0.2	0.2
Other creditors	0.1	0.1
Accruals and deferred income	1.3	1.5
Obligations under finance leases and hire purchase contracts	0.1	0.1
	6.7	9.2

## Coal Products Limited

	2002 £m	2001 £m
<b>Amounts falling due after more than one year</b>		
Amounts owed to group undertakings	70.3	70.3
Obligations under finance lease and hire purchase contracts	0.2	0.4
	<b>70.5</b>	<b>70.7</b>

### Finance leases

The net finance lease obligations to which the company are committed are:

	2002 £m	2001 £m
Within one year	0.1	0.1
In more than one year, but not more than five years	0.2	0.4
	<b>0.3</b>	<b>0.5</b>

## 15 Provisions for liabilities and charges

	Deferred taxation £m	Reorganisation costs £m	Pensions and similar obligations £m	Total £m
At 1 April 2001	-	-	0.4	0.4
Utilised in the year	-	-	-	-
Charged in year	0.2	0.1	-	0.3
<b>At 31 March 2002</b>	<b>0.2</b>	<b>0.1</b>	<b>0.4</b>	<b>0.7</b>

Pensions and similar obligations relate to redundant coal workers and cost of concessionary fuel in retirement.

## 16 Related party transactions

Mr P Tann, General Manager of the charcoal briquette business is the husband of the managing director of Shirley Aldred and Co. Ltd which undertakes some contract packing of the briquettes and purchase some waste product for processing from the charcoal briquette business.

During the course of the year Shirley Aldred and Co. Ltd has traded under the same terms as those available to other customers in the ordinary course of business.

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During the year ended 31 March 2002, total sales to Shirley Aldred and Co. Ltd amounted to £3,063 (2001: £103,831) and total purchases from Shirley Aldred and Co. Ltd amounted to £88,108 (2001: £45,669). The amount due from Shirley Aldred and Co. Ltd at the year end amounted to £nil (2001: £4,432) and no amounts were owed to Shirley Aldred and Co. Ltd at the year end (2001: £nil).

## 17 Pension costs and other retirement benefits

### Pension costs

The company contributes to a number of defined benefit schemes which are operated by the Group. The assets of the schemes are held separately to those of the company in independently administered funds. The pension cost and funding of these schemes are assessed in accordance with the advice of qualified actuaries.

### CPL Industries Pension Plan

For the purposes of assessing funding and contributions under SSAP24 the main actuarial assumptions are that investment returns will exceed pay growth by 1.5% p.a. The scheme was valued by a qualified actuary on 31 March 1999, which revealed a surplus of £1.8 million. The market value of the scheme's assets at that date was £60.2 million and the level of funding was 103%.

### IWSS Scheme and IWMPs Scheme

The schemes were valued by a qualified actuary on 31 December 2000, which revealed deficits of £0.2 million and £0.1 million respectively. The market value of the schemes' assets at that date and the level of funding were:

		IWSS	IWMPs
Market Value of Scheme's Assets	(£'m)	9.1	4.5
Level of Funding	(%)	100	97

With the agreement of the Group, the Trustees agreed to reduce the employer's contribution rate for the IWCSS to 16.0% and to increase the employer's contribution rate for the IWMPs to 12.05% to eliminate the deficiency on that scheme by 2007. The schemes were closed to new entrants in August 1995.

The pension charge for the period relating to defined benefit schemes was £0.8m (2001: £0.8m).

The company also participates in a group pension scheme operated by CPL Industries Limited. This pension scheme is a defined contribution money purchase scheme.

Contributions by the employer into the scheme are 15% for non-industrial staff and 9% for industrial staff. The total pension cost for the company relating to the defined contribution scheme was £0.1m (2001: £0.1m).

### FRS17 "Retirement benefits"

The company has not adopted FRS17 in the year, however the following disclosure has been given under the transitional rules.

The FRS17 calculations for disclosure purposes have been based on the most recent valuation results for each scheme updated to 31 March 2002 by qualified independent actuaries. The major assumptions used by the actuaries were:

## Coal Products Limited

Discount rate	6.1%
Rate of increase in salaries	3.9%
Rate if increase in LPI pensions in payment	2.9%
Inflation assumption	2.9%

### Industry Wide Mineworkers Pensions Scheme

The assets in the scheme and the expected rate of return were:

	Market Value £m	Long term expected rate of return at 31 March 2002
Equities	4.3	6.2%

The following approximate amounts at 31 March 2002 were measured in accordance with the requirements of FRS17:

	£m
Total market value of assets	4.3
Present market value of scheme liabilities	(5.2)
Deficit in the scheme	(0.9)
Related deferred tax liability	-
Net pension liability	(0.9)

### Industry Wide Coal Staff Superannuation Scheme

The assets in the scheme and the expected rate of return were:

	Market Value £m	Long term expected rate of return at 31 March 2002
Equities	8.9	6.2%

The following approximate amounts at 31 March 2002 were measured in accordance with the requirements of FRS17:



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	£m
Total market value of assets	8.9
Present market value of scheme liabilities	(10.4)
Deficit in the scheme	(1.5)
Related deferred tax liability	-
Net pension liability	(1.5)

As the company is unable to identify its share of the underlying assets and liabilities of the other group scheme, this scheme will be accounted for by the company as a defined contribution scheme under FRS 17. The transitional disclosures in respect of FRS 17 are given in the accounts of CPL Industries Limited.

### 18 Called up share capital

	2002 £m	2001 £m
<b>Authorised</b>		
47,134,217 Ordinary shares of £1 each	47.1	47.1
<b>Allotted, called up and fully paid</b>		
42,134,217 Ordinary shares of £1 each	42.1	42.1

### 19 Movement on reserves

	Profit and loss account £m	Revaluation reserve £m
At 31 March 2001	1.5	0.6
Retained profit for the year	7.8	-
<b>At 31 March 2002</b>	<b>9.3</b>	<b>0.6</b>

# Coal Products Limited

## 20 Post balance sheet event

On 17 April 2002 the directors announced the closure of the operations at Cwm due to continued market decline and competitive pressure.

The operations ceased permanently in June 2002. Consequently, these operations have been classed as discontinued in these financial statements.

## 21 Contingent liabilities

	2002	2001
	£m	£m
Amount of guarantee in respect of cross-guarantee on bank overdraft of companies within the group	17.8	49.0

In the opinion of the directors no loss is expected to arise in connection with the above item.

## 22 Financial commitments

At 31 March 2002, the companies had annual commitments under non-cancellable operating leases as follows:

	2002	2001
	Land and buildings	Land and buildings
	£m	£m
Expiring with one year	-	-
Within two to five years	0.1	-
After five years	0.5	0.4
	0.6	0.4

## 23 Ultimate parent company

The directors regard CPL Industries Limited as the ultimate parent company and controlling party. According to the register kept by the company CPL Industries Limited has a 100% interest in the equity capital of Coal Products Limited at 31 March 2002.

Copies of the parent's consolidated financial statements may be obtained from The Secretary, CPL Industries Limited, Mill Lane, Wingerworth, Chesterfield, Derbyshire, S42 6NG.