Registered Number 1102042

Coal Products Limited

Annual Report

for the year ended 31 March 2007

Coal Products Limited

Annual Report

for the year ended 31 March 2007

Contents

Coal Products Limited

Directors and advisers
for the year ended 31 March 2007

Directors
A G Hayes
D J Kerr

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S Armitage
Mill Lane
Wingerworth
Chesterfield
Derbyshire
S42 6NG

Registered Auditors
PricewaterhouseCoopers LLP
1 East Parade
Sheffield
S1 2ET

Solicitors
DLA Piper UK LLP
1 St Paul's Place
Sheffield
S1 2JX

Bankers
Burdale Financial Limited
53 Queen Anne Street
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W1G 9HP

Coal Products Limited

Directors' report
for the year ended 31 March 2007

The directors present their report and the audited financial statements for the year ended 31 March 2007

Principal activities
The principal activities of the company are the manufacture and sale of briquette and smokeless fuels 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 7

Both the level of business and the year end financial position remain satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future

The directors of CPL Industries Holdings Limited manage the group's risks at a group level and operations on a divisional basis, rather than at an individual business unit level For this reason, the company's directors believe that discussion of the group's risks and analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company's business The principal risks and uncertainties of the group, which include those of the company, and the development, performance and position of the company are discussed in the Chairman and Chief Executive's Review in the group's report and accounts which do not form part of this report

Dividends
On 12 May 2006 the company declared and paid an interim dividend of £10,000,000 being £0 24 per share The directors do not recommend the payment of a final dividend (2006 £nil)

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

A G Hayes
D J Kerr

There is no requirement for directors to retire by rotation

According to the register kept in accordance with the Companies Act 1985 the directors at 31 March 2007 had no interests in the shares of the company

A G Hayes and D J Kerr are also directors of the ultimate parent company at 31 March 2007 D J Kerr has an interest in the shares of the ultimate parent company, which is disclosed in the directors' report of that company

Coal Products Limited

Charitable contributions
During the year the company made charitable donations of £150 (2006 £100) 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

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 55 days (2006 54 days)

Auditors
A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the next general meeting

By order of the board

D J Kerr
Director
27 June 2007

Coal Products Limited

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

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

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware Relevant information is defined as information needed by the company's auditors in connection with preparing their report Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board

D J Kerr
Director
27 June 2007

Coal Products Limited

Independent auditors' report to the members of Coal Products Limited

We have audited the financial statements of Coal Products Limited for the year ended 31 March 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Sheffield
3 July 2007

Coal Products Limited

Profit and loss account
for the year ended 31 March 2007

	Note	2007	2006
			As restated
		£'m	£'m
Turnover	1	**53.4**	59 4
Net operatıng expenses	2	**(47 0)**	(51 9)
Exceptıonal operatıng expenses	2	**(1.1)**	(0 8)
Profıt on ordinary actıvıtıes before ınterest and taxatıon		**5 3**	6 7
Net ınterest payable	5	**(2 1)**	-
Profıt on ordinary actıvıtıes before taxatıon		**3 2**	6 7
Tax on profit on ordınary actıvıtıes	6	**(1 2)**	(2 3)
Profıt for the fınancial year		**2 0**	4 4

All ıtems dealt wıth ın arrıvıng at profıt on ordınary actıvıtıes before taxatıon relate to contınuıng operatıons

In both the current and precedıng years, there were no materıal dıfferences between the profit reported ın the profit and loss account and the profit on an unmodıfied hıstorıcal cost basıs

Statement of total recognised gains and losses
for the year ended 31 March 2007

	2007	2006
		As restated
	£'m	£'m
Profit for the financıal year	**2 0**	4 4
Actuarıal gaın on pensıon scheme	**0 1**	1 1
Movement on deferred tax relatıng to pensıon lıabılıty	**-**	(0 3)
Total recognısed gains and losses relatıng to the year	**2 1**	5 2
Prıor year adȷustments for FRS 17	**(2 5)**	(3 3)
Total gaıns and losses recognısed sınce last annual report	**(0 4)**	1 9

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Reconciliation of movements in shareholders' funds

	2007	2006
		As restated
	£'m	£'m
Profit for the financial year	**2.0**	4 4
Dividends	**(10.0)**	-
(Sustained loss)/retained profit for the financial year	**(8 0)**	4 4
Actuarial gain on pension scheme net of deferred tax	**0 1**	0 8
Net (decrease)/increase to shareholders' funds	(7 9)	5 2
Opening shareholders' funds	**52 1**	46 9
Closing shareholders' funds	**44 2**	52 1

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Balance sheet
as at 31 March 2007

	Note	2007	2006
			As restated
		£'m	£'m
Fixed assets			
Intangible assets	7	**0 4**	0 4
Tangible assets	8	**7 2**	7 7
Investments	9	**0 1**	70 4
		7 7	78 5
Current assets			
Stock	10	**4 5**	4 4
Debtors	11	**79 4**	55 3
Cash at bank and in hand		**1 1**	6 4
		85 0	66 1
Creditors amounts falling due within one year	12	**(25 8)**	(18 1)
Net current assets		**59.2**	48 0
Total assets less current liabilities		**66 9**	126 5
Creditors amounts falling due after more than one year	12	**(22 0)**	(73 7)
Provisions for liabilities and charges	13	**(0 7)**	(0 7)
		(22 7)	(74 4)
Net assets		**44 2**	52 1
Capital and reserves			
Called up share capital	15	**42 1**	42 1
Revaluation reserve	16	**0 6**	0 6
Profit and loss account	16	**1 5**	9 4
Equity shareholders' funds		**44 2**	52 1

The financial statements on pages 7 to 28 were approved by the board of directors on 27 June 2007 and were signed on its behalf by

D J Kerr
Director

Coal Products Limited

Statement of 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, 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

Changes in accounting policy
The company participates in four defined benefit pension schemes FRS 17 "Retirement Benefits" has been fully adopted in the prior year, however the company has previously only been able to identify its share of the underlying assets and liabilities in respect of one of these schemes The multi-employer exemption was taken on the other three schemes, with these schemes previously accounted for as defined contribution schemes under FRS 17

During the year the company was able to identify its share of the underlying assets and liabilities related to the further three pension schemes, whereby with the adoption of FRS 17 "Retirement Benefits" last year it has affected previous years' reporting The effect of the recognition of liabilities associated with the additional pension schemes was to decrease staff costs and other financial costs by £0 6m (2006 £0 3m) and £0 1m (2006 cost £0 1m) respectively, to increase tax on profit on ordinary activities by £0 2m (2006 £0 2m), to increase profit for the year by £0 5m (2006 £nil), to increase the total recognised gains and losses by £0 1m (2006 £0 8m) and to reduce the value of the profit and loss account reserve at 1 April 2006 by £2 5m (2005 £3 3m) The pension deficit at 31 March 2007 included within creditors falling due after one year was £2 9m (2006 £3 4m)

	As stated in accounts year ended 31 March 2006	FRS 17	Total
	£'m	£'m	£'m
Adjustment to opening shareholders' funds at 1 April 2005	50 1	(3 3)	46 8
Adjustment to profit and loss account for year ended 31 March 2006	4 5	0 8	5 3
Adjustment to opening shareholders' funds at 1 April 2006	**54 6**	**(2 5)**	**52 1**

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 ultimate parent company, CPL Industries Holdings 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 FRS 15 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 useful lives 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	3 - 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

Finance and operating leases
Costs in respect of operating leases are charged to the profit and loss account 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 In the case of major spares, items are held at cost and reviewed annually for impairment 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 Revenue of product sales is recognised upon despatch to the customer or, in the case of goods supplied ex-works, upon collection by the customer or agent

Deferred taxation
Deferred tax is 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 Deferred tax on post-retirement benefits is recognised in full

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 coal 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 Schemes, having regard to the actuary's recommendations

The company also contributes to defined benefit pension schemes 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

FRS 17 "Retirement Benefits" has been adopted fully in the year and the effect of such mentioned in the "Changes in accounting policy" section above

The company also contributes to a defined contribution scheme operated by CPL Industries Limited Contributions to this scheme are charged to the profit and loss account as incurred

The company provides other post retirement benefits to its employees in the form of concessionary fuels The provision is calculated as the future cost of providing concessionary fuels on retirement to all eligible current and former employees net of taxation amounts recoverable The provision is discounted over the average expected period of providing the benefit

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Cash flow statement
The company is a wholly owned subsidiary of CPL Industries Holdings Limited and the cash flows of the company are included in the consolidated group cash flow statement of CPL Industries Holdings Limited Consequently the company is exempt under the terms of FRS 1 "Cash Flow Statements" from publishing a cash flow statement

Related party transactions
In accordance with the exemption allowed by FRS 8 "Related Party Transactions" transactions with CPL Industries Holdings Limited and fellow subsidiary undertakings are not disclosed

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Notes to the financial statements for the year ended 31 March 2007

1 Turnover

Geographical analysis by destination	**2007**	2006
	£'m	£'m
United Kingdom	**50 6**	57 1
Europe	**1.9**	1 8
Rest of world	**0 9**	0 5
	53.4	59 4

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

2 Net operating expenses

	2007	2006
		As restated
	£'m	£'m
Raw materials and consumables	**32 1**	35 8
Other operating charges (see below)	**7 9**	9 1
Employee costs (note 4)	**5.8**	4 9
Depreciation (note 8)	**0 7**	1 0
Impairment of fixed assets	**-**	0 3
Exceptional operating expenses (see below)	**1 1**	0 8
	47 6	51 9
Decrease in stocks of finished goods	**0 5**	0 8
	48 1	52 7

Other operatıng charges ıncludes the following	**2007**	2006
	£'000	£'000
Operatıng lease payments		
- land and buıldıngs	**584**	616
- plant and machınery	**465**	476
Depreciatıon on owned fixed assets	**671**	1,023
Impaırment on owned fixed assets	**-**	301
Depreciatıon on assets held under finance lease	**-**	-
Audıtors' remuneratıon		
- audıt	**33**	31
Research and development expendıture	**148**	67

Exceptıonal operatıng expenses	**2007**	2006
	£'m	£'m
Other operatıng charges		
Envıronmental and sıte remedıatıon costs	**1 1**	0 8

3 Directors' emoluments

Only one of the dırectors receıved any emoluments ın respect of hıs dırectorshıp of Coal Products Lımıted durıng the year (2006 one) Hıs aggregate emoluments amounted to £201,682 (2006 £223,421) Contrıbutıons of £19,605 (2006 £18,888) were made to a final salary pensıon scheme on behalf of thıs dırector

Retırement benefits are no longer accruıng to any dırectors (2006 none) under the company's defined benefit scheme

D J Kerr receıved no emoluments for provısıon of hıs servıces to Coal Products Lımıted Hıs total emoluments are ıncluded ın the aggregate of dırectors' emoluments dıisclosed ın the financıal statements of the ultımate parent company

4 Employee information

The average monthly number of persons (ıncludıng executıve dırectors) employed by the company durıng the peπod was

By actıvıty	2007 Number	2006 Number
Productıon	56	74
Sellıng and dıstπbutıon	14	13
Admınıstratıon	83	74
	153	161

Staff costs (for the above persons)	2007 £'m	2006 As restated £'m
Wages and salaπes	4 2	4 3
Socıal securıty costs	0 4	0 4
Other pensıon costs	1 2	0 2
	5 8	4 9

5 Net interest payable

	2007 £'m	2006 £'m
Other financıal ıncome	0 1	-
Bank ınterest receıvable	0 2	-
Bank ınterest payable	(2 4)	-
Net ınterest payable	(2 1)	-

6 Tax on profit on ordinary activities

	2007	2006
		As restated
	£'m	£'m
Current tax		
United Kingdom corporation tax at 30%	**0.1**	-
Amounts payable for group relief	**0 9**	2 1
Total current tax	**1 0**	2 1
Deferred tax		
Pension cost relief in excess of pension cost charge	**0 2**	0 2
Total deferred tax	**0 2**	0 2
Tax on profit on ordinary activities	**1 2**	2 3

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

	2007	2006
		As restated
	£'m	£'m
Profit on ordinary activities before tax	**3 2**	6 7
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	**1 0**	2 0
Expenses not deductible for tax purposes	**0 1**	0 1
Utilisation of brought forward losses and other timing differences	**(0 1)**	-
Current tax charge for the year	**1 0**	2 1

Deferred taxation
The company has an unrecognised deferred tax asset of £1 8m (2006 £2 5m) relating predominantly to corporation tax losses carried forward This has not been recognised as it is not expected to reverse in the foreseeable future

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7 Intangible fixed assets

	Goodwill
	£'m
Cost	
At 1 April 2006	0 5
Additions	-
At 31 March 2007	**0.5**
Amortisation	
At 1 April 2006	0 1
Charge for year	-
At 31 March 2007	**0 1**
Net book amount	
At 31 March 2007	**0 4**
At 31 March 2006	0 4

8 Tangible fixed assets

	Freehold land and buildings	Short leasehold land and buildings	Plant and machinery	Industrial buildings	Assets held for resale	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Cost or valuation						
At 1 April 2006	4 6	0 3	25 9	1 8	23 6	56 2
Additions	-	-	0 2	-	-	0 2
At 31 March 2007	**4 6**	**0 3**	**26 1**	**1 8**	**23 6**	**56 4**
Depreciation						
At 1 April 2006	2 0	0 3	22 8	1 3	22 1	48 5
Charge for year	-	-	0 6	-	0 1	0 7
At 31 March 2007	**2 0**	**0 3**	**23 4**	**1 3**	**22 2**	**49 2**
Net book amount						
At 31 March 2007	**2 6**	**-**	**2 7**	**0 5**	**1 4**	**7 2**
At 31 March 2006	2 6	-	3 1	0 5	1 5	7 7

Net book amounts of tangible fixed assets include £nil (2006 £nil) 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 cost of the company's freehold land and buildings would be carried in the accounts at £2 8m (2006 £2 8m)

Following the implementation of FRS 15 'Tangible Fixed Assets', the tangible fixed assets previously revalued have been retained at their book amounts, as permitted by the transitional provisions of FRS 15

Following the termination of operations at the Cwm site, the assets are deemed to be held for resale The company would anticipate realising in excess of current net book value for this site

9 Fixed asset investments

	Shares in subsidiary undertakings £'m
Cost	
At 1 April 2006	70 5
Disposals	(70 3)
At 31 March 2007	**0 2**
Amounts written off	
At 1 April 2006 and 31 March 2007	**0 1**
Net book amount	
At 31 March 2007	**0 1**
At 31 March 2006	70 4

Fixed asset investments in subsidiary undertakings previously included a £70m investment in National Smokeless Fuels Limited, which was a non-trading company There was a corresponding creditor with this investment disclosed under amounts falling due after more than one year (see note 12)

The disposals relate to four non-trading companies, including National Smokeless Fuels Ltd, which were liquidated during the year The corresponding creditor balances have been eliminated against these investments (see note 12)

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

Subsidiary	Nature of business	Class of capital	% held
Palco Shipping & Trading Limited	Port handling	Ordinary shares	100
CPL Filters Limited	Non trading	Ordinary shares	100
Broomco (4077) Limited	Non trading	Ordinary shares	100

All subsidiaries are incorporated in Great Britain

10 Stock

	2007	2006
	£'m	£'m
Raw materials and consumables	**2 3**	1 7
Finished goods	**2 2**	2 7
	4 5	4 4

11 Debtors

Amounts falling due within one year	**2007**	2006
	£'m	£'m
Trade debtors	**4.8**	7 3
Amounts owed by group undertakings	**73 5**	47 7
Other debtors	**0 2**	-
Prepayments and accrued income	**0 9**	0 3
	79 4	55 3

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12 Creditors

	2007	2006
		As restated
	£'m	£'m
Amounts falling due within one year		
Trade creditors	**6 0**	7 7
Amounts owed to group undertakings	**9 9**	6 7
Senior term loan	**5 2**	-
Development property term loan	**0 2**	-
Property term loan	**0 2**	-
Group relief payable	**3 0**	2 1
Other taxation and social security	**0 6**	0 5
Accruals and deferred income	**0.7**	1 1
	25.8	18 1
Amounts falling due after more than one year		
Amounts owed to group undertakings	**-**	70 3
Senior term loan	**16 5**	-
Development property term loan	**1 4**	-
Property term loan	**1 2**	-
Pension deficit (note 14)	**2 9**	3 4
	22 0	73 7

All loans and the debtor facility are secured by a fixed and floating charge over all assets Interest is payable on the senior and property term loans and debt facility, based on LIBOR plus margins ranging from 2% to 3%

The senior term loan is repayable in instalments over five years The property term loans are repayable in instalments based on a nine year term although the balance outstanding after five years is repayable in full in May 2011

13 Provisions for liabilities and charges

	Concessionary fuel obligations	Other	Total
	£'m	£'m	£'m
At 1 April 2006	0 6	0 1	0 7
Charged to the profit & loss account	-	-	-
At 31 March 2007	**0 6**	**0 1**	**0 7**

Other provisions relate mainly to a dilapidation provision in respect of the warehouses held by CPL Charcoal

Pensions and similar obligations
Pensions and similar obligations relate to the cost of concessionary fuel in retirement The principal assumptions made, concerning the amounts that may be required to settle the obligations are as follows

(a) discount rates used are based on the upon the UK 10 year RPI index linked bond,

(b) the expected life of employees post retirement is 17 48 years for men and 20 63 years for women

14 Pension costs and other retirement benefits

Defined contribution scheme
The company contributes to a defined contribution scheme which is operated by CPL Industries Limited

Pension costs for defined contribution schemes are as follows

	2007	2006
	£'m	£'m
Defined contribution schemes	**0 1**	0 1

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Defined benefit schemes
Four of the major schemes in which the company is involved are defined benefit schemes which have been closed to new entrants since 1999 They are all funded schemes based on final salary The results of the most recent triennial valuation of the schemes were

	CPL Industries Pension Plan	CPL Distribution Pension and Life Assurance Scheme	IWCSS Scheme	IWMP Scheme
Date of last actuarial valuation	31 March 2005	1 April 2004	31 December 2006	31 December 2006
Method used	Projected unit	Attained age	Projected unit	Projected unit
Market value of investments £'m	79 3	17 4	14 2	6 4
Deficit £'m	(3 6)	(6 0)	(2 6)	(1 0)
Level of funding	96%	75%	86%	87%
Main assumptions				
Rate of price inflation	3 05%	3 05%	3 05%	3 05%
Return on investments	5 1% - 7 8%	5 0% - 7 8%	4 85% - 7 8%	4 85% - 7 8%
Increase in earnings	N/A	N/A	2 8%	2 8%

The company has agreed increased contributions designed to eliminate the deficiencies The company paid contributions to the defined benefit schemes of £1 2m in the period to 31 March 2007 (2006 £1 2m) As the IWCSS and IWMP schemes are closed to new entrants the cost of providing benefits (as a percentage of salaries) is expected to rise in the future However, the number of remaining active members will decrease

The defined benefit sections of the CPL Industries Pension Plan and the CPL Distribution Pension and Life Assurance Scheme have been closed to future accruals of benefit with effect from 30 April 2004 This does not affect pension benefits earned to that date and all members of those schemes have been invited to join the defined contribution section of the CPL Industries Pension Plan

The company contributes to the defined contribution section of the CPL Industries Pension Plan which is operated by CPL Industries Limited All new employees of the company are offered admittance to the defined contribution section of the CPL Industries Pension Plan

The calculations for inclusion of amounts in the accounts have been based on the following valuation dates updated to 31 March 2007 by professionally qualified independent actuaries

Industry Wide Coal Staff Superannuation (IWCSS) Scheme	31 December 2006
Industry Wide Mineworkers Pension (IWMP) Scheme	31 December 2006
CPL Industries Pension Plan	31 March 2005
CPL Distribution Pension and Life Assurance Scheme	1 April 2004

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The major assumptions used by the actuaries were

	31 March 2007	31 March 2006
Discount rate	**5.25%**	5 00%
Rate of increase in salaries	**3 05%**	2 80%
Rate of increases of inflation linked pensions in payment	**2 95%**	2 80%
Inflation assumption	**3 05%**	2 80%

The assets of the schemes are invested in investment funds managed by a number of independent fund managers The market value of the company's share of assets of the schemes were

	Market value	**Long-term expected rate of return**	Market value	Long-term expected rate of return
			As restated	As restated
	31 March 2007	**31 March 2007**	31 March 2006	31 March 2006
	£'m	**%**	£'m	%
Equities	**18 6**	**7 80%**	17 7	7 40%
Bonds	**5 9**	**5 10%**	5 2	4 70%
Property	**0 2**	**7 80%**	0 2	7 40%
Cash	**0 2**	**5 25%**	-	4 50%
	24 9		23 1	

Pensions and post-retirement obligations
The amounts recognised in the balance sheet are determined as follows

	31 March 2007	31 March 2006
		As restated
	£'m	£'m
Total market value of assets	**24 9**	23 1
Present value of schemes' liabilities	**(29 0)**	(28 0)
Deficit in the scheme	**(4 1)**	(4 9)
Related deferred tax asset	**1 2**	1 5
Net pension deficit	**(2 9)**	(3 4)

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The following amounts have been recognised in the financial statements under the requirements of FRS17

Operating profit

	31 March 2007	31 March 2006 As restated
	£'m	£'m
Current service cost	**(0 6)**	(0 7)
Total operating charge	**(0 6)**	(0 7)

Other finance income

	31 March 2007	31 March 2006 As restated
	£'m	£'m
Expected return on pension schemes' assets	**1 5**	1 3
Interest on pension schemes' liabilities	**(1.4)**	(1 3)
Net return	**0 1**	-

Statement of total recognised gains and losses (STRGL)

	31 March 2007	31 March 2006 As restated
	£'m	£'m
Actual return less expected return on pension schemes' assets	**(0 3)**	3 3
Experience gains/(losses) arising on schemes' liabilities	**-**	0 1
Changes in assumptions underlying the present value of the schemes' liabilities	**0 4**	(2 3)
Actuarial gain recognised in STRGL	**0 1**	1 1

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Movements in deficit for the year

	31 March 2007	31 March 2006
		As restated
	£'m	£'m
Deficit in schemes at beginning of the year	**(4.9)**	(6 5)
Movement in period		
Current service cost	**(0 6)**	(0 7)
Contributions	**1 2**	1 2
Other finance income	**0 1**	-
Actuarial gain	**0 1**	1 1
Deficit in schemes at end of the year	**(4.1)**	(4 9)

Details of experience gains and losses for the year

	31 March 2007	31 March 2006
		As restated
	£'m	£'m
Difference between the expected and actual return on schemes' assets		
Amount	**(0 3)**	3 3
Percentage of schemes' assets	**1 3%**	14 2%
Experience gains/(losses) on schemes' liabilities		
Amount	**-**	0 1
Percentage of the present value of schemes' liabilities	**0%**	0 4%
Total amount recognised in statement of total recognised gains and losses		
Amount	**0.1**	1 1
Percentage of the present value of schemes' liabilities	**0 4%**	3 9%

15 Called up share capital

	2007	2006
	£'m	£'m
Authorised		
47,134,217 Ordinary shares of £1 each	**47 1**	47 1
Allotted, called up and fully paid		
42,134,217 Ordinary shares of £1 each	**42 1**	42 1

16 Movement on reserves

	Profit and loss account	**Revaluation reserve**
	£'m	**£'m**
At 31 March 2006 as previously stated	11 9	0 6
Prior year adjustment FRS 17	(2 5)	-
At 31 March 2006 as restated	9 4	0 6
Actuarial gain on the pension scheme net of deferred tax	0 1	-
Profit for the year	2 0	-
Dividends	(10 0)	-
At 31 March 2007	**1 5**	**0 6**

17 Contingent liabilities

	2007	2006
	£'m	£'m
Amount of guarantee in respect of cross-guarantee on bank overdraft of companies within the group	-	7 1

The assets of the company are secured by the company's bankers by a fixed and floating charge

In the opinion of the directors no loss is expected to arise from these items

18 Financial commitments

At 31 March 2007, the company had annual commitments under non-cancellable operating leases as follows

	2007			2006		
	Land and buildings	**Other**	**Total**	Land and buildings	Other	Total
	£'m	**£'m**	**£'m**	£'m	£'m	£'m
Expiring with one year	**0 1**	**-**	**0 1**	-	0 1	0 1
Within two to five years	**-**	**0.1**	**0 1**	0 1	0 1	0 2
After five years	**0 5**	**-**	**0.5**	0 5	-	0 5
	0.6	**0 1**	**0 7**	0 6	0 2	0 8

19 Ultimate parent company

The directors regard CPL Industries Holdings 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 2007

The largest and smallest group in which the results of the company are consolidated is CPL Industries Holdings Limited's consolidated financial statements, copies of which may be obtained from the Company Secretary, CPL Industries Holdings Limited, Mill Lane, Wingerworth, Chesterfield, Derbyshire, S42 6NG