

**Minelco Specialities Ltd**

**Directors' report and financial  
statements**

**Registered number 01151578**

**31 December 2008**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

### **Principal activities**

The principal activities of the company are the manufacturing and marketing of a range of specialist fillers, principally minerals. On 31 December 2008 the trade, assets and liabilities, with the exception of the foreign investments, were transferred into the parent company, Minelco Limited (formerly Minelco Holding Ltd). From 1 January 2009 Minelco Specialities Ltd has not traded.

### **Business review**

	2008 £000	2007 £000
Turnover	32,415	31,307
Operating profit	1,810	1,168

The Company enjoyed significant sales growth in its trading (non manufactured) activities. It is hoped that this can be sustained although sales growth will be difficult to achieve as we plan to move some business to another company in the group. Margins remain under pressure on US Dollar denominated exports. Cost control is very high on managements' agenda and the results can be seen in lower Administration costs and reduced stock levels. Next year will see further integration of the Company's activities within the wider Minelco Group with a new matrix management structure in place and a greater emphasis on growing sales of selected minerals. The Company faces significant cost increases on its raw materials and energy and will be expecting to pass significant increases on to customers next year. This represents the biggest threat to our profitability in the short term.

### **Results and dividends**

Results for the year are set out in the attached profit and loss account. No dividend is proposed (2007: £nil).

### **Research and development**

Research and development is undertaken in order to develop new products and improve existing products.

### **Directors**

The directors who held office during the year were as follows:

SRW Larbey  
RM Wheatley  
BM Collyer

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Directors' report** *(continued)*

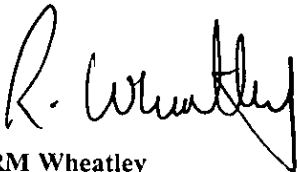
**Political and charitable contributions**

The company made no political nor charitable contributions during the year (2007: £nil).

**Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



RM Wheatley  
*Secretary*

Raynesway  
Derby  
DE21 7BE

Dated: 22 September 2009

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG LLP

St Nicholas House  
Park Row  
Nottingham NG1 6FQ

### Independent auditors' report to the members of Minelco Specialities Ltd

We have audited the financial statements of Minelco Specialities Ltd for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an auditor's 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 members 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 financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 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.

  
Chartered Accountants  
Registered Auditor

Dated: 22 September 2009

**Profit and loss account**  
*for the year ended 31 December 2008*

	<i>Note</i>	<b>Discontinued 2008 £</b>	<b>Discontinued 2007 £</b>
Turnover	2	32,415,469	31,306,779
Cost of sales		(26,834,070)	(25,598,355)
<b>Gross profit</b>		<b>5,581,399</b>	<b>5,708,424</b>
Distribution costs		(1,649,381)	(1,977,876)
Administrative expenses		(2,121,653)	(2,562,698)
<b>Operating profit</b>		<b>1,810,365</b>	<b>1,167,850</b>
Other interest receivable and similar income	5	7,366	12,292
Other finance income	5	298,458	59,170
Interest payable and similar charges	5	(824,221)	(588,648)
<b>Profit on ordinary activities before taxation</b>	<b>6</b>	<b>1,291,968</b>	<b>650,664</b>
Tax on profit on ordinary activities	7	(376,152)	13,644
<b>Profit on ordinary activities after taxation for the financial year</b>	<b>17</b>	<b>915,816</b>	<b>664,308</b>

In both the current and preceding year, the company made no material acquisitions.

There is no material difference between the result reported in the profit and loss account and the result on an unmodified historical cost basis.

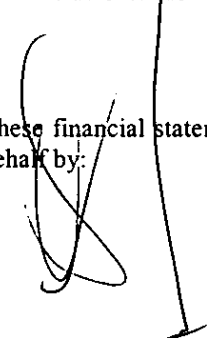
**Statement of total recognised gains and losses**  
*for the year ended 31 December 2008*

	<i>Note</i>	<b>2008 £</b>	<b>2007 £</b>
Profit for the year		915,816	664,308
Actuarial (losses)/gains on pension scheme		(1,088,812)	1,186,995
Movement on deferred tax asset relating to pension scheme	15	304,867	(419,239)
<b>Total gains and losses recognised in the year</b>		<b>131,871</b>	<b>1,432,064</b>

**Balance sheet**  
*as at 31 December 2008*

	Note	2008		2007	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9	-		8,996,809	
Investments	10	328,414		328,414	
		<u>328,414</u>		<u>9,325,223</u>	
<b>Current assets</b>					
Stocks	11	-	5,124,933		
Debtors	12	142,154	3,863,933		
Cash at bank and in hand		1	1,068,501		
		<u>142,155</u>	<u>10,057,367</u>		
Creditors: amounts falling due within one year	13	-	(6,160,773)		
<b>Net current assets</b>		<u>142,155</u>		<u>3,896,594</u>	
<b>Total assets less current liabilities</b>		<u>470,569</u>		<u>13,221,817</u>	
Creditors: amounts falling due after more than one year	14	(10,000)		(6,260,000)	
Provisions for liabilities and charges	15	-		(169,360)	
<b>Net assets before pension scheme deficit</b>		<u>460,569</u>		<u>6,792,457</u>	
<b>Net pension scheme deficit</b>		-		(2,158,541)	
<b>Net assets</b>		<u>460,569</u>		<u>4,633,916</u>	
<b>Capital and reserves</b>					
Called up share capital	16	505		505	
Revaluation reserve	17	-		29,322	
Capital reserve	17	460,064		460,064	
Profit and loss account	17	-		4,144,025	
<b>Shareholders' funds</b>	18	<u>460,569</u>		<u>4,633,916</u>	

These financial statements were approved by the board of directors on 22 September 2009 and were signed on its behalf by:

  
**SRW Larbey**  
 Director



## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting rules, modified to include the revaluation of certain land and buildings.

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group. Details of the parent undertaking which produces consolidated financial statements is given in note 23.

#### ***Cash flow statement***

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking.

#### ***Fixed assets and depreciation***

Following the introduction of FRS 15, the company has not adopted a policy of revaluation and, in accordance with the transitional arrangements of the Standard, it will retain the book value which reflects the previous valuation but will not update for future revaluations. The last revaluation included in the financial statements was undertaken on 20<sup>th</sup> October 1978.

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	- 50 years
Improvements to freehold property	- 10 - 20 years
Plant and equipment	- 10 years
Motor vehicles	- 4 - 7 years

#### ***Investments***

Investments in subsidiary undertakings are stated at historic cost less provisions made.

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value. Raw materials cost is stated at the average purchase price, while finished goods cost represents the cost of raw materials and direct labour with an addition for production overheads. Net realisable value is the estimated selling price after allowing for the cost of realisation.

#### ***Classification of financial instruments issued by the company***

Under FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### ***Classification of financial instruments issued by the company (continued)***

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

#### ***Dividends on shares presented within shareholders' funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### ***Taxation***

The charge for taxation is based on the result for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### ***Leases***

##### ***As lessee***

Operating lease rentals are charged directly to the profit and loss account on a straight line basis over the life of the lease.

##### ***As lessor***

Operating lease rentals are credited directly to the profit and loss account on a straight line basis over the life of the lease.

#### ***Research and development***

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

#### ***Pension costs***

The company operated two pension schemes providing benefits based on final pensionable pay. The assets of the schemes were held separately from those of the company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Pension costs (continued)*

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/(deficit) is split between operating charges, finance items, and, in the statement of total recognised gains and losses, actuarial gains and losses.

The company operates a defined contribution pension scheme for certain directors and employees. The assets of the scheme are held separately from those of the company. The company's contributions are charged to the profit and loss account as they arise.

#### *Turnover*

Turnover represents the amounts derived from the provision of goods (excluding value added tax, but including transportation costs) to customers during the year.

### 2 Analysis of turnover

The turnover and operating profit are wholly attributable to the company's main activity.

The turnover arises in the following geographical areas:

	2008 £	2007 £
United Kingdom	12,229,156	14,080,980
Rest of Europe	16,202,040	12,814,870
Other	3,984,273	4,410,929
	<u>32,415,469</u>	<u>31,306,779</u>

### 3 Directors' emoluments

	2008 £	2007 £
Directors' emoluments	367,752	395,234
Pension contributions	43,904	58,075
	<u>411,656</u>	<u>453,309</u>

The emoluments of the highest paid director were £186,506 (2007: £173,853). He is a member of a defined benefit scheme under which his accrued pension at the year end was £nil (2007: £52,330).

Retirement benefits are accruing to the following number of directors under:

	Number of directors 2008	2007
Defined benefit schemes	<u>3</u>	<u>3</u>

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2008	2007
Management and administration	14	13
Production	87	87
Development and quality assurance	6	5
Selling and distribution	17	19
	<hr/>	<hr/>
	124	124
	<hr/>	<hr/>

	2008	2007
	£	£
<i>The aggregate payroll costs of these persons were as follows:</i>		
Wages and salaries	3,223,520	3,096,284
Social security costs	283,116	267,247
Other pension costs	379,918	418,430
	<hr/>	<hr/>
	3,886,554	3,781,961
	<hr/>	<hr/>

### 5 Interest

	2008	2007
	£	£
<i>Other interest receivable and similar income:</i>		
Bank interest	-	-
Other interest	7,366	10,929
Group interest	-	1,363
	<hr/>	<hr/>
	7,366	12,292
	<hr/>	<hr/>

	£	£
<i>Other finance income</i>		
Expected return on pension scheme assets	1,344,065	1,066,841
Interest cost on pension scheme liabilities	(1,045,607)	(1,007,671)
	<hr/>	<hr/>
	298,458	59,170
	<hr/>	<hr/>

	£	£
<i>Interest payable and similar charges:</i>		
Group interest	824,134	578,422
Other interest	87	10,226
	<hr/>	<hr/>
	824,221	588,648
	<hr/>	<hr/>

## Notes (continued)

### 6 Profit on ordinary activities before taxation

*Profit on ordinary activities before taxation is stated after charging/(crediting):*

	2008 £	2007 £
Depreciation	897,067	901,891
Loss on sale of fixed assets	859	17,203
Rentals under operating leases	-	2,656
- other	-	-
- hire of plant and machinery	31,660	20,338
Rentals receivable under operating leases - other	(12,715)	(12,000)
Research and development	-	28,952
<i>Auditors' remuneration:</i>		
- audit of these financial statements	24,550	23,160
- amounts receivable by the auditors and their associates in respect of other services relating to taxation	17,711	14,567
	<u>          </u>	<u>          </u>

### 7 Taxation

	2008 £	2007 £
UK corporation tax at 28.5% (2007: 30%)	(170,962)	139,092
Over provision in prior year	(7,062)	(91,293)
	<u>          </u>	<u>          </u>
Total current tax charge	(178,024)	47,799
<i>Deferred taxation:</i>		
Origination and reversal of timing differences	554,176	(61,443)
	<u>          </u>	<u>          </u>
Tax on profit on ordinary activities	376,152	(13,644)
	<u>          </u>	<u>          </u>

#### *Factors affecting the tax charge for the current year*

The current tax charge for the year is lower (2007: lower) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008 £	2007 £
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before tax	1,291,968	650,664
	<u>          </u>	<u>          </u>
Current tax at 28.5% (2007: 30%)	368,210	195,199
<i>Effects of:</i>		
Expenses not deductible for tax purposes	10,287	10,802
Profit on sale of intangibles in excess of capital gains	31,141	-
Depreciation for the period less than capital allowances	(1,287)	(556)
Other timing differences	698,479	(18,053)
Adjustments to tax charge in respect of previous periods	(7,062)	(91,293)
FRS 17 pension adjustment	(1,277,792)	(48,300)
	<u>          </u>	<u>          </u>
Total current tax charge	(178,024)	47,799
	<u>          </u>	<u>          </u>

## Notes (continued)

### 8 Dividends

	2008 £	2007 £
Dividend in specie	4,277,436	-

### 9 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Motor vehicles £	Total £
<i>Cost or valuation</i>				
At beginning of year	6,666,938	12,917,665	324,133	19,908,736
Additions	51,658	663,260	253,794	968,712
Disposals	(13,757)	(102,806)	(206,515)	(323,078)
Transfers to group company	(6,704,839)	(13,478,119)	(371,412)	(20,554,370)
At end of year	-	-	-	-
<i>Accumulated depreciation</i>				
At beginning of year	1,355,849	9,352,576	203,502	10,911,927
Charge for year	109,276	703,824	83,967	897,067
On disposals	(47)	(90,313)	(169,647)	(260,007)
Transfers to group company	(1,465,078)	(9,966,087)	(117,822)	(11,548,987)
At end of year	-	-	-	-
<i>Net book value</i>				
At 31 December 2008	-	-	-	-
At 31 December 2007	5,311,089	3,565,089	120,631	8,996,809

The gross book value of land and buildings includes £nil (2007: £25,000) of non depreciable land.

Particulars relating to revalued land and buildings are given below:

	2008 £	2007 £
At 1978 open market value	-	101,000
Aggregate depreciation thereon	-	(62,539)
Net book value	-	38,461
	£	£
Historical cost of revalued assets	-	24,000
Aggregate depreciation based on historic cost	-	(14,861)
Historical cost net book value	-	9,139

## Notes (continued)

### 10 Investments

	Minelco Hellas AME £	Likya Minelco £	Total £
<b>Cost</b>			
At beginning and end of year	1,943,790	5,000	1,948,790
<b>Accumulated provisions</b>			
At beginning and end of year	1,620,376	-	1,620,376
<b>Net book value</b>			
At 31 December 2008	323,414	5,000	328,414
At 31 December 2007	323,414	5,000	328,414

The company owns 100% of the share capital of Minelco Hellas AME, a company incorporated in Greece. The investment's principal activity is the processing of minerals. The provision reflects the write off of mining rights by the subsidiary.

The company owns 1% of the share capital of Likya Minelco, a company incorporated in Turkey. The investment's principal activity is the quarrying and processing of minerals.

### 11 Stocks

	2008 £	2007 £
Raw materials and consumables	-	3,096,483
Finished goods and goods for resale	-	2,028,450
	-	5,124,933

### 12 Debtors

	2008 £	2007 £
Trade debtors	-	3,571,767
Amounts owed by group undertakings	142,154	46,527
Other debtors	-	3,499
Prepayments and accrued income	-	172,651
Prepayments and accrued income - group undertakings	-	69,489
	142,154	3,863,933

## Notes (continued)

### 13 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	-	1,266,561
Amounts owed to group undertakings	-	3,599,511
Corporation tax	-	18,763
Other taxes and social security	-	273,651
Accruals and deferred income	-	1,002,287
	<hr/>	<hr/>
	-	6,160,773
	<hr/>	<hr/>

### 14 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Shares classified as liabilities (see note 16)	10,000	10,000
Amounts owed to parent undertaking	-	6,250,000
	<hr/>	<hr/>
	10,000	6,260,000
	<hr/>	<hr/>

### 15 Provisions for liabilities and charges

#### *Deferred taxation*

	£
At beginning of year	169,360
Credit to profit and loss account	(701,284)
Transferred in year	531,924
	<hr/>
At 31 December 2008	-
	<hr/>

The full potential liability provided for deferred taxation is as follows:

	2008 £	2007 £
Accelerated capital allowances	-	198,405
Other timing differences	-	(29,045)
	<hr/>	<hr/>
	-	169,360
	<hr/>	<hr/>



## Notes (continued)

### 15 Provisions for liabilities and charges (continued)

#### *Deferred tax asset relating to pension scheme deficit*

	2008 £	2007 £
At 1 January	839,432	1,303,671
Charged to profit and loss account	(1,255,460)	(45,000)
Charged to statement of total recognised gains and losses	304,867	(419,239)
Transferred in year	111,161	-
	<hr/>	<hr/>
At 31 December	-	839,432
	<hr/>	<hr/>

### 16 Called up share capital

	2008 £	2007 £
<i>Authorised</i>		
200,000 ordinary shares of 5 pence each	10,000	10,000
10,000 5% preference shares of £1 each	10,000	10,000
	<hr/>	<hr/>
	20,000	20,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
10,100 ordinary shares of 5 pence each	505	505
10,000 5% preference shares of £1 each	10,000	10,000
	<hr/>	<hr/>
	10,505	10,505
	<hr/>	<hr/>
Shares classified in shareholders' funds	505	505
Shares classified as liabilities	10,000	10,000
	<hr/>	<hr/>
	10,505	10,505
	<hr/>	<hr/>

The company has 10,000 5% non-redeemable preference shares of £1 each. The holder of these shares has waived all dividend rights. Preference shareholders have no voting rights and have no rights in the event of the company winding up.

Under the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure' the preference shares have been classified as financial liabilities. In addition, dividends on these shares are now classified as interest payable and similar charges within the profit and loss account.

## Notes (continued)

### 17 Reserves

	Revaluation reserve £	Capital reserve £	Profit and loss account £
At beginning of year	29,322	460,064	4,144,025
Profit for the year	-	-	915,816
Actuarial gain on pension scheme net of tax	-	-	(783,945)
Transfer of excess depreciation on revalued assets	(1,540)	-	1,540
Reserve realised on transfer	(27,782)	-	27,782
Dividend in specie	-	-	(4,305,218)
	<hr/>	<hr/>	<hr/>
At end of year	-	460,064	-
	<hr/>	<hr/>	<hr/>

### 18 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	915,816	664,308
Dividend in specie	(4,305,218)	-
Other recognised gains and losses	(783,945)	767,756
	<hr/>	<hr/>
Net (reduction in)/addition to shareholders' funds	(4,173,347)	1,432,064
Opening shareholders' funds	4,633,916	3,201,852
	<hr/>	<hr/>
Closing shareholders' funds	460,569	4,633,916
	<hr/>	<hr/>

### 19 Contingent liabilities

The company has the following unsecured contingencies which are not provided for in these financial statements:

	2008 £	2007 £
Bank and trade guarantees	-	288,914
	<hr/>	<hr/>

The trade and assets of the company were transferred into Minelco Limited (formerly Minelco Holding Ltd) in the year any contingent liabilities have now passed to that company.

## Notes (continued)

### 20 Commitments

Capital commitments at the end of the year for which no provision has been made are as follows:

	2008 £	2007 £
Contracted for	-	209,649
Authorised but not contracted for	-	81,219
	<hr/>	<hr/>

Annual commitments under non-cancellable operating leases, none of which relate to land and buildings, are as follows:

	2008 £	2007 £
<i>Operating leases which expire:</i>		
Within one year	-	1,512
In two to five years	-	70,189
	<hr/>	<hr/>
	-	71,701
	<hr/>	<hr/>

The trade and assets of the company have been hived up into Minelco Limited (formerly Minelco Holding Ltd) in the year and any capital commitments have now passed to that company.

### 21 Pension scheme

During the year the company operated a defined benefit pension scheme, The Fergusson Wild Group Pensions and Assurance Scheme, providing benefits based on final pensionable pay. The scheme is closed to new entrants.

On 31 December 2008 the trade and assets of the company were transferred to Minelco Limited and at the same date Minelco Limited became responsible for the pension scheme from that date. A full valuation of the scheme was carried out by a qualified independent actuary on 31 December 2008.

	2008 £	2007 £
Present value of funded defined benefit obligations	-	(18,452,418)
Fair value of plan assets	-	15,454,445
	<hr/>	<hr/>
Deficit	-	(2,997,973)
Related deferred tax asset	-	839,432
	<hr/>	<hr/>
Net liability	-	(2,158,541)
	<hr/>	<hr/>

## Notes (continued)

### 21 Pension schemes (continued)

#### *Movements in present value of defined benefit obligation*

	2008 £	2007 £
At 1 January	18,452,418	18,962,647
Current service cost	408,613	541,527
Insurance premiums *	(31,289)	-
Expenses *	(46,727)	-
Contributions by members *	104,542	-
Interest cost	1,045,609	1,007,671
Actuarial gains	(2,761,480)	(1,561,086)
Benefits paid *	(862,385)	(498,341)
	<hr/>	<hr/>
Transfer to Minelco Limited	16,309,301 (16,309,301)	18,452,418 -
	<hr/>	<hr/>
At 31 December	-	18,452,418

\* Split for comparative not available. Directors do not consider obtaining comparative information would add to the disclosure as the scheme has now been transferred to Minelco Limited.

#### *Movements in fair value of plan assets*

	2008 £	2007 £
At 1 January	15,454,445	14,617,069
Expected return on plan assets	1,344,067	1,066,841
Contributions by members *	104,542	-
Contributions by employer	4,593,942	642,967
Actuarial losses	(3,850,292)	(374,091)
Insurance premiums *	(31,287)	-
Expenses *	(46,727)	-
Benefits paid *	(862,385)	(498,341)
	<hr/>	<hr/>
Transfer to Minelco Limited	16,706,305 (16,706,305)	15,454,445 -
	<hr/>	<hr/>
At 31 December	-	15,454,445

\* Split for comparative not available. Directors do not consider obtaining comparative information would add to the disclosure as the scheme has now been transferred to Minelco Limited.

#### *Expense recognised in the profit and loss account*

	2008 £	2007 £
Current service cost	408,613	541,527
Interest on defined benefit pension plan obligation	1,045,609	1,007,671
Expected return on defined benefit pension plan assets	(1,344,067)	(1,066,841)
	<hr/>	<hr/>
Total	110,155	482,357

## Notes (continued)

### 21 Pension schemes (continued)

The expense is recognised in the following line items in the profit and loss account:

	2008 £	2007 £
Administrative expenses	408,613	541,527
Other finance income	(298,458)	(59,170)
	<u>110,155</u>	<u>482,357</u>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is a loss of £1,088,812 (2007: a gain of £1,186,995).

Cumulative actuarial gains/losses reported in the statement of total recognised gains and losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are £768,232 (2007: a gain of £320,580).

The fair value of the plan assets and the return on those assets were as follows:

	2008 Fair value £	2007 Fair value £
Equities	-	10,858,355
Government debt	-	2,176,269
Corporate bonds	-	1,060,691
Property	-	22,649
Cash	-	1,336,481
	<u>-</u>	<u>15,454,445</u>
Actual return on plan assets	<u>-</u>	<u>692,750</u>

\* Assets were hived up to Minelco Limited on 31 December 2008

The Scheme does not invest in the employer's own financial instruments, including property or other assets owned, or used by the employer.

The overall expected return on the Scheme's assets was determined by considering the market value of the assets in each of the main categories of assets, and the expected rates of return on those categories as set out below

## Notes (continued)

### 21 Pension schemes (continued)

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2008 %	2007 %
Discount rate	6.30	5.70
Expected rate of return on plan assets		
- Equities	8.87	8.65
- Properties	8.87	8.65
- Government stock	3.74	4.55
- Corporate bonds	6.49	5.70
- Cash	3.09	5.50
Future salary increases	3.65	4.40
Inflation assumption	2.65	3.40
Pension increase assumption	2.60	3.10
Other material assumptions (e.g., future pension increases, inflation)		

### History of plans

The history of the plans for the current and prior periods is as follows:

#### Balance sheet

	2008 £	2007 £	2006 £	2005 £	2004 £
Present value of scheme liabilities	(16,309,301)	(18,452,418)	(18,963,000)	(17,473,000)	(14,330,000)
Fair value of scheme assets	16,706,305	15,454,445	14,617,000	13,315,000	10,902,000
(Deficit)/surplus	(397,004)	(2,997,973)	(4,346,000)	(4,158,000)	(3,428,000)

#### Experience adjustments

	2008 %	2007 %	2006 %	2005 %	2004 %
Experience adjustments on scheme liabilities					
- as a percentage of scheme liabilities	1.9	0.5	2.7	(2.1)	(3.9)
Experience adjustments on scheme assets					
- as a percentage of scheme assets	(23.0)	(2.4)	0.3	9.8	2.0

The Company expects to contribute approximately £nil to its defined benefit plans in the next financial year.

### 22 Related party transactions

As the company is a wholly owned subsidiary of LKAB, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

### 23 Ultimate parent company

The company's immediate parent undertaking is Minelco Limited (formerly Minelco Holding Ltd), a company registered in England and Wales.

The company's ultimate parent undertaking is LKAB, a company incorporated in Sweden.

The largest group in which the results of the company are consolidated is that headed by LKAB. These consolidated financial statements may be obtained from LKAB, Box 952, SE-97128, Luleå, Sweden.