

**Minelco Specialities Ltd**

**Directors' report and financial  
statements**

**Registered number 01151578**

**31 December 2010**



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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

### **Principal activities and business review**

On 31 December 2008 the trade of Minelco Specialities Ltd was transferred to Minelco Limited and the company has not traded since that date

The company will not trade for the foreseeable future but will continue to hold investments (note 5)

### **Results and dividends**

Results for the year are set out in the attached profit and loss account No dividend is proposed (2009 £nil)

### **Directors**

The directors who held office during the year, and to the date of this report, were as follows

SRW Larbey  
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

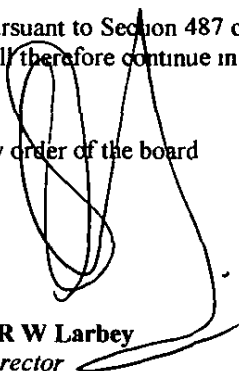
### **Political and charitable contributions**

The company made no political or charitable contributions during the year (2009 £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

  
**S R W Larbey**  
Director

Raynesway  
Derby  
DE21 7BE

Dated 21 April 2011

## **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)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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



## **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 2010 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its result for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception.**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

**TM Widdas** (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
St Nicholas House  
Park Row  
Nottingham NG1 6FQ

Dated 21 April 2011

**Profit and loss account**  
*for the year ended 31 December 2010*

	<i>Note</i>	<b>2010</b> £	<b>2009</b> £
Amounts written off investments	5	-	(100,000)
<b>Loss on ordinary activities before taxation</b>		-	(100,000)
Tax on loss on ordinary activities	4	-	-
<b>Loss on ordinary activities after taxation for the financial year</b>	9	-	(100,000)

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

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account, and therefore no separate statement of total recognised gains and losses has been presented

**Balance sheet**  
*as at 31 December 2010*

	<i>Note</i>	2010	2009
		£	£
<b>Fixed assets</b>			
Investments	5	223,414	228,414
<b>Current assets</b>			
Debtors	6	147,154	142,154
Cash at bank and in hand		1	1
<b>Net current assets</b>		<u>147,155</u>	<u>142,155</u>
<b>Total assets less current liabilities</b>		<u>370,569</u>	<u>370,569</u>
<b>Creditors' amounts falling due after more than one year</b>	7	<u>(10,000)</u>	<u>(10,000)</u>
<b>Net assets</b>		<u><u>360,569</u></u>	<u><u>360,569</u></u>
<b>Capital and reserves</b>			
Called up share capital	8	505	505
Capital reserve	9	460,064	460,064
Profit and loss account	9	(100,000)	(100,000)
<b>Shareholders' funds</b>	10	<u><u>360,569</u></u>	<u><u>360,569</u></u>

These financial statements were approved by the board of directors on 21 April 2011 and were signed on its behalf by

  
**S R W Larbey**  
Director

Company number 01151578

## **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 on a going concern basis 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 s400 of the Companies Act 2006 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 are given in note 14

#### ***Going concern***

The directors believe that the company will be able to maintain current trading volume without a significant increase in the cost of so doing in the coming year. In consequence and in conjunction with the company's existing financial resources the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore continues to prepare annual financial statements on the going concern basis of accounts preparation

#### ***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

#### ***Investments***

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

#### ***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

### **2 Directors' emoluments**

The directors received no remuneration in the year (2009 £nil)

### **3 Staff numbers and costs**

The average number of persons employed by the company (including directors) during the year was nil (2009 nil)



## Notes (continued)

### 4 Taxation

	2010 £	2009 £
UK corporation tax at 28% (2009 28%)	-	-
Over provision in prior year	-	-
	<hr/>	<hr/>
Total current tax credit	-	-
	<hr/>	<hr/>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	-
	<hr/>	<hr/>

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

The current tax charge for the year is the same as (2009 *higher than*) the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010 £	2009 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	-	(100,000)
	<hr/>	<hr/>
Current tax at 28% (2009 28%)	-	(28,000)
	<hr/>	<hr/>
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	28,000
	<hr/>	<hr/>
Total current tax credit	-	-
	<hr/>	<hr/>

## Notes (continued)

### 5 Investments

	Minelco Hellas AME £	Likya Minelco £	Total £
<i>Cost</i>			
At beginning of year	1,943,790	5,000	1,948,790
Transfers #	-	(5,000)	(5,000)
	<hr/>	<hr/>	<hr/>
At end of year	1,943,790	-	1,943,790
	<hr/>	<hr/>	<hr/>
<i>Accumulated provisions</i>			
At beginning and end of year	1,720,376	-	1,720,376
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2010	223,414	-	223,414
	<hr/>	<hr/>	<hr/>
At 31 December 2009	223,414	5,000	228,414
	<hr/>	<hr/>	<hr/>

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.

# During the year, the company transferred its holding of 1% of the share capital of Likya Minelco, a company incorporated in Turkey to Minelco AB, part of the LKAB group.

### 6 Debtors

	2010 £	2009 £
Amounts owed by group undertakings	147,154	142,154
	<hr/>	<hr/>

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

	2010 £	2009 £
Shares classified as liabilities (see note 8)	10,000	10,000
	<hr/>	<hr/>

## Notes (continued)

### 8 Called up share capital

	2010 £	2009 £
Shares classified in shareholders' funds	505	505
Shares classified as liabilities (note 7)	10,000	10,000
	<u>10,505</u>	<u>10,505</u>

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.

### 9 Reserves

	Capital Reserve £	Profit and loss account £
At beginning of year	460,064	(100,000)
Result for the financial year	-	-
At end of year	<u>460,064</u>	<u>(100,000)</u>

### 10 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
Loss for the financial year	-	(100,000)
Net reduction in shareholders' funds	-	(100,000)
Opening shareholders' funds	<u>360,569</u>	<u>460,569</u>
Closing shareholders' funds	<u>360,569</u>	<u>360,569</u>

### 11 Contingent liabilities

The company has no unsecured contingencies which are not provided for in these financial statements.

### 12 Commitments

At the end of the financial year the company had no capital commitments (2009 £nil).

At the end of the financial year the company had no annual commitments under non-cancellable operating leases (2009 £nil).

**Notes** *(continued)*

**13 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

**14 Ultimate parent company**

The company's immediate parent undertaking is Minelco Limited, 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