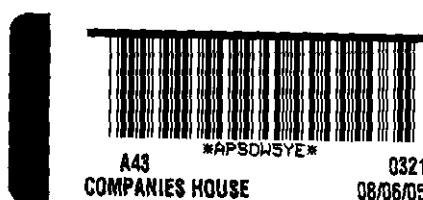




WORLD COAL INSTITUTE

**FINANCIAL STATEMENTS
for the year ended 30 September 2004**

REGISTERED NO: 1947623



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Report of the Directors

1. The Directors present herewith their Report and the audited accounts of the Institute for the year ended 30 September 2004.

Principal activities

2. The Institute is a non-governmental, non-profit making industry association of worldwide coal producing and coal consuming enterprises. Its key objectives are to promote and extend the use of coal and provide a forum for the exchange of information and discussion of issues affecting the global coal industry. Through contacts with official bodies, consumers and other interested parties, the WCI aims to improve the current market for coal and strengthen coal's contribution to safeguarding the future availability of world energy supplies.

Liability of members

3. The World Coal Institute is a company limited by guarantee. In the event the company is wound up as a result of insolvency, each member undertakes to contribute to the assets of the Institute such amount as may be required, not exceeding £1.

Review of activities and future developments

4. In the 2004 calendar year the World Coal Institute held two full meetings (in South Africa and Belgium) of all members. Worldwide developments affecting the coal industry, and the general direction of the work of the Institute, were discussed at these meetings.

The World Coal Institute has Consultative Status Category II to the United Nations Economic and Social Council, and Consultative Status to the UN Industrial Development Organisation. The Institute continues to follow the ongoing negotiations under the UN Framework Convention on Climate Change, and attended the 10th Conference of the Parties in Argentina during December 2004.

The Institute participated in several other international meetings and conferences including the World Energy Congress in Sydney Australia.

The World Coal Institute published a new document, "Clean Coal – Building a Future through Technology", and continues to update publications. The Institute also continued to update and distribute its educational 'fact cards' covering a wide range of coal statistics and associated topics. The Institute published four editions of its newsletter, Ecoal.

The Institute has continued to update and expand its website (www.wci-coal.com) throughout the year. This medium has proved to be an increasingly effective way of providing access to information for members, industry, academia, students and the public.

Membership

5. Membership is open to all coal enterprises. At 30 September 2004 membership stood at 15 companies and six Honorary Members:

PT Adaro
Anglo Coal
BHP Billiton Mitsubishi Alliance
BHP Energy Coal
Carbones del Cerréjon
Carbones del Zulia
Coal India Ltd
CONSOL Energy Inc
Glencore International AG
Mitsubishi Development Pty Ltd
RAG Coal International AG
Rio Tinto Limited
Total SA
UK Coal plc
Xstrata Coal

Honorary Members:

Dr K-H Bund
Mr J C Farrell
Mr E M Massey
Mr J H Morrish
Mr A A Sealey
Mr J M Slater

Directors

6. The Articles of Association provide for each member of the Institute to appoint a director and alternate director if the member wishes to do so. The Board at 30 September 2004 comprised:

<u>NOMINATING MEMBER COMPANY</u>	<u>DIRECTOR</u>	<u>ALTERNATE</u>
PT ADARO INDONESIA	G L Robertson	A B Grant
ANGLO COAL	R S Wicks	A E Redman
BHP BILLITON ENERGY COAL	J Smith	R Willims
BHP BILLITON MITSUBISHI ALLIANCE	D J K Murray	R Willims
CARBONES DEL CERREJON	A Calderon	L G Meneses
CARBONES DEL ZULIA	R Colmenares	E Bueno
COAL INDIA LTD	N K Sharma	S V Chaoji
CONSOL ENERGY INC	J B Harvey	N DeJuliis
GLENCORE INTERNATIONAL AG	T Peterson	-
MITSUBISHI DEVELOPMENT PTY LTD	T Terada	H Hayashi
RAG COAL INTERNATIONAL AG	J W Stadelhofer	-
RIO TINTO LIMITED	P Chiaro	A M Lloyd
TOTAL SA	D De Bourgues	F Bautin
UK COAL PLC	G A McPhie	B E Ricketts
XSTRATA COAL	P Coates	C Whyte
WORLD COAL INSTITUTE	M R Keay (Chief Executive)	
HONORARY MEMBERS:	K-H Bund	
	E M Massey	
	J H Morrish	
	J M Slater	

The following resigned or otherwise ceased to be members of the Board during the year 1 October 2003 to 30 September 2004:

M Oppenheimer	1 July 2004
W Bruno	12 March 2004
J Thornton	2 April 2004
R Sunardi	15 December 2003
T Isnumoto	15 December 2003
O Rosenberg	15 December 2003
G Ayvazyan	15 December 2003
M Lochtenberg	31 December 2003
S Ono	21 June 2004
Y Yamanaka	21 June 2004
J Oesterlink	31 July 2004
R Schmidt	5 January 2004

The following changes to the Board have occurred in the period from 1 October 2004 to the date of this Report:

<u>NOMINATING MEMBER COMPANY</u>	<u>DIRECTOR</u>	<u>ALTERNATE DIRECTOR</u>	<u>EFFECTIVE DATE**</u>
(a) Appointments:-			
Joy Global	J Hanson	A D Johnson	18 October 2004
Anglo Coal		J Wallington	04 April 2005
BHP Billiton Energy Coal	M Seedat		11 April 2005

WORLD COAL INSTITUTE	M C Catelin (Chief Executive)		17 January 2005
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(b) Resignations:-

Coal India	-	S V Chaoji	31 December 2004
UK Coal	G McPhie	B Ricketts	12 November 2004
BHP Billiton Energy Coal	J Smith		11 April 2005
WORLD COAL INSTITUTE	M R Keay (Chief Executive)		31 December 2004

**** Date of appointment or resignation/advice of resignation**

COMPANY NAME CHANGES:

None to report

Auditors

7. Ernst and Young LLP were appointed as auditors for these accounts by resolution at the Annual General Meeting on 30 June 2004. A resolution on the appointment of auditors for the financial year ended 30 September 2005 will be put to the members at the Annual General Meeting on 20 May 2005.

Special Provisions of Part VII of the Companies Act 1985

8. The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities.

BY ORDER OF THE BOARD


Karen Milliner
Company Secretary

Date: 27/5/05

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether any applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

The directors confirm that they have complied with the requirements and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in the preparation of the accounts.

BY ORDER OF THE BOARD



M C CATELIN
Chief Executive

Date: 27/5/05

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WORLD COAL INSTITUTE

We have audited the company's financial statements for the year ended 30 September 2004 which comprise Income and Expenditure Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes to the financial statements. These financial statements have been prepared on the basis of the accounting policies set out therein and in accordance with the Financial Reporting Standard for Smaller Entities.

This report is made solely to the company's members as a body, in accordance with the Company's Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Director's Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom Law and accounting standards.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Director's 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 with the company is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 30 September 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London


Date: 27/5/05

Balance Sheet – at 30 September 2004

	Note	2004 (£ sterling)	2003 (£ sterling)
Current Assets			
Debtors – amounts falling due within one year	6	8,218	6,510
Cash at bank & in hand		106,480	190,551
Deposits		650,000	500,000
TOTAL		764,698	697,061
Creditors – amounts due within one year	7	(764,698)	(697,061)
Current Assets/(Liabilities)		0	0
Reserves			
Income & expenditure account		0	0

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (FRSSE effective June 2002).

Approved by the Board of Directors on 20 May 2005
and signed on its behalf by:


Director
27/5/05

The notes on pages 9 to 10 form part of these accounts.

Income and Expenditure Account for the year ended 30 September 2004

	Note	2004 £ sterling	2003 £ sterling
Income			
Subscriptions	2	437,482	376,548
Interest income		16,641	12,917
TOTAL		<u>454,123</u>	<u>389,465</u>
Expenditure			
Accommodation		19,765	19,722
Council Tax		4,197	4,101
Office Costs		28,711	25,020
Office Equipment		2,875	1,750
Staff Costs	4	229,664	206,018
Travel & Subsistence		57,123	51,088
Entertainment		201	264
Cost of Meetings		7,042	7,757
Legal & Professional Costs		4,387	410
Accounting & Tax Fees		5,792	4,732
Audit Fee		3,000	3,300
Total Operating Expenses		<u>362,747</u>	<u>324,162</u>
Promotion & Publicity Expense		80,504	53,566
Global Climate Expense		10,862	11,737
TOTAL EXPENSES		<u>454,123</u>	<u>389,465</u>
Surplus/(deficit) on ordinary activities before taxation	3	0	0
Taxation	5	0	0
Result/surplus for the year after taxation		0	0

All amounts above relate to continuing operations.

The Company has no recognised gains and losses other than the surplus/loss above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 9 to 10 form part of these accounts.

Notes to the Financial Statements – for the year ended 30 September 2004

(1) Principal accounting policies

(a) Accounting convention

The accounts are prepared under the historical cost convention and are in accordance with applicable UK accounting standards.

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

(b) Subscriptions

Subscription income, which is stated net of value added tax, is recognised in the period to which it relates. Any excess of the current period subscription income over expenses in the same period is carried forward to cover the expenses arising in future periods. Subscriptions are invoiced to the members in £ sterling.

(c) Fixed assets

Assets are depreciated over the period of their useful life.

(d) Taxation

The charge for taxation is based on the result for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will eventuate.

(e) Operating Leases

Costs in respect of operating leases are charged upon a straight line basis over the lease term.

(2) Subscriptions and special contributions

Income from members' subscriptions and special contributions for the year (excluding VAT) was as follows:

	<u>2004</u>	<u>2003</u>
	£	£
Subscription income	437,482	376,548

An amount totalling £515,033 was invoiced to Members on 1 September 2004 being subscriptions for the period 1 October 2004 to 30 September 2005.

Notes to the financial statements – for the year ended 30 September 2004

(3)	<u>Surplus/(deficit) on ordinary activities before taxation</u>	2004	2003
		£ sterling	£ sterling
	Surplus/(deficit) on ordinary activities before taxation is stated after charging:		
	Hire of office equipment, operating leases	3,602	3,613
	Annual office rent	15,000	15,000
	Fixtures & fittings expensed	2,875	1,750
	Audit fees	3,000	3,300
(4)	<u>Staff costs</u>	2004	2003
		£ sterling	£ sterling
	Wages & salaries	194,493	182,265
	Social security costs	22,742	20,435
	Other staff costs, recruitment & relocation	12,429	3,318
	Staff costs – operating expenses	<u>229,664</u>	<u>206,018</u>

The average number of staff during the year was 3 (2003:4)

Directors' Emoluments (including pension contributions)

	2004	2003
	£ sterling	£ sterling
Emoluments of the Chief Executive		
MR Keay	111,640	107,730

With the exception of the emoluments of the Chief Executive who, in accordance with the Articles of Association, is Ex Officio a Director, none of the Board of Directors received any remuneration for their services to the company (2003: £nil). No expenses were incurred by the current Chairman, Roger S Wicks on World Coal Institute activities (2003: £nil)

(5)	<u>Tax on surplus on ordinary activities</u>	2004	2003
		£ sterling	£ sterling
	UK Corporation Tax at 0% (2003 at 0%)	-	-
(6)	<u>Debtors – amounts falling due within one year</u>	2004	2003
		£ sterling	£ sterling
	Prepayments & accrued income	5,808	6,510
	Value Added Tax	2,410	-
		<u>8,218</u>	<u>6,510</u>
(7)	<u>Creditors – amounts falling due within one year</u>	2004	2003
		£ sterling	£ sterling
	Sundry Creditors & Accruals	21,772	88,632
	Subscriptions: charged in advance	736,187	601,967
	PAYE/NI	6,739	6,427
	Value Added Tax	-	35
		<u>764,698</u>	<u>697,061</u>

(8) Lease commitments

The company's commitments for annual rental payments under operating leases payable during the year to 30 September 2004 are as follows:

	2004	2003
	£ sterling	£ sterling
Land and Buildings	15,000*	15,000
Other operating leases	2,532	2,552

*Lease for Land and Buildings was renegotiated in December 2000; annual rental payments now total £15,000 under the lease of premises at Cambridge House, with the lease to expire in December 2005; service charges linked to this lease are currently an additional £4,875 per annum.

(9) Liability of members

The Institute is a company limited by guarantee. In the event that the company is wound up as a result of insolvency, each member undertakes to contribute to the assets of the Institute such amount as may be required, not exceeding £1.