



**WORLD COAL INSTITUTE**

**FINANCIAL STATEMENTS  
for the year ended 30 September 2005**

**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 2005.

### Principal activities

2. The Institute is a non-governmental, non-profit making worldwide industry association of coal enterprises. Its key objectives are to promote coal as a strategic resource, to promote the role of clean coal technologies in improving the environmental performance of coal, and to 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 strengthen the understanding of coal's contribution to energy security, social & economic development; and to demonstrate its improving environmental performance.

### 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 2005 calendar year the World Coal Institute held two full meetings of members (in Japan and Belgium). 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 11<sup>th</sup> Conference of the Parties/1<sup>st</sup> Meeting of the Parties in Canada during December 2005.

*The Institute participated in many other international energy-related meetings and conferences.*

The World Coal Institute published three new documents, "The Coal Resource", "Coal - Secure Energy", and "World Coal Institute - the Voice of Coal". It continues to update its other publications, including 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 overhauled and redesigned its website ([www.worldcoal.org](http://www.worldcoal.org)) 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 2005 membership stood at 15 companies, 5 national coal associations, and six Honorary Members:

**Full Corporate Members:** PT Adaro  
Anglo Coal  
BHP Billiton Mitsubishi Alliance  
BHP Energy Coal  
Carbones del Cerréjon  
Carbones del Zulia  
CONSOL Energy Inc  
Glencore International AG  
Joy Global  
Mitsubishi Development Pty Ltd  
RAG Coal International AG  
Rio Tinto Limited  
Solid Energy New Zealand Ltd  
Total SA  
Xstrata Coal

**Associate Members:** Australian Coal Association  
Coal Association of Canada  
Coal Association of New Zealand  
Confederation of UK Coal Producers  
Indonesian Coal Mining Association

**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

The following changes to Membership have occurred in the period from 1 October 2005 to the date of this Report:

(a) Additional:

<b>Full Corporate Members:</b>	Coal India	7 February 2006
	Store Norske Spitsbergen Grubekompani	1 March 2006
<b>Associate Members:</b>	National Mining Association	1 November 2005
	Sind. Nacional da Indústria da Extração do Carvão	15 November 2005
	Shaanxi Coalfields Geological Bureau	17 November 2005
	Svenska Kolinstitutet	1 January 2006
	Camara Asomineros	20 March 2006

(b) Lapsed:

<b>Full Corporate Members:</b>	RAG Coal International	10 February 2006
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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 2005 comprised:

<u>NOMINATING MEMBER COMPANY</u>	<u>DIRECTOR</u>	<u>ALTERNATE</u>
PT ADARO INDONESIA	A H Chia	A B Grant
ANGLO COAL	R S Wicks	J Wallington
BHP BILLITON ENERGY COAL	M Seedat	R Willims
BHP BILLITON MITSUBISHI ALLIANCE	J Smith	R Willims
CARBONES DEL CERREJON	A Calderon	L G Meneses
CARBONES DEL ZULIA	R Colmenares	E Bueno
CONSOL ENERGY INC	J B Harvey	N Deluliis
GLENORE INTERNATIONAL AG	T Peterson	-
JOY GLOBAL INC	J Hanson	A D Johnson
MITSUBISHI DEVELOPMENT PTY LTD	T Terada	-
RAG COAL INTERNATIONAL AG	J W Stadelhofer	-
RIO TINTO LIMITED	P Chiaro	A M Lloyd
SOLID ENERGY NEW ZEALAND LTD	D Elder	-
TOTAL SA	D De Bourgues	F Bautin
XSTRATA COAL	P Coates	C Whyte
WORLD COAL INSTITUTE	M C Catelin (Chief Executive)	
HONORARY MEMBERS:	K-H Bund	
	J C Farrell	
	E M Massey	
	J H Morrish	
	A A Sealey	
	J M Slater	

The following resigned or otherwise ceased to be members of the Board during the year 1 October 2004 to 30 September 2005:

A Redman	13 January 2005
J Smith (BHP Billiton Energy)	4 March 2005
H Hayashi	9 March 2005
D Murray	1 July 2005
G Robertson	19 July 2005

\*Associate Members may not hold directorships of the World Coal Institute and thus may not sit individually on the Board of Directors.

The following changes to the Board have occurred in the period from 1 October 2005 to the date of this Report:

<u>NOMINATING MEMBER COMPANY</u>	<u>DIRECTOR</u>	<u>ALTERNATE DIRECTOR</u>	<u>EFFECTIVE DATE**</u>
(a) Appointments:-			
BHP Billiton Mitsubishi Alliance	J Smith		12 October 2005
Mitsubishi Development Pty	N Tsubonuma		2 February 2006
Store Norske Spitsbergen Grubekompani	N Tokheim		1 March 2006
Store Norske Spitsbergen Grubekompani	D Brekke		1 March 2006
Mitsubishi Development Pty	S Tamaru		16 March 2006

(b) Resignations:-

RAG Coal International	J Stadelhofer	10 February 2006
Mitsubishi Development Pty	T Terada	16 March 2006

**\*\* 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 20 May 2005. A resolution on the appointment of auditors for the financial year ended 30 September 2006 will be put to the members at the Annual General Meeting on 18 May 2006.

**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: 16/6/06

### 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: 16/6/06

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD COAL INSTITUTE

We have audited the company's financial statements for the year ended 31 December 2005 which comprise Income and Expenditure Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 9. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

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 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and 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 applicable to Smaller Entities, of the state of the company's affairs as at 30 September 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered auditor  
London

Date: 16/6/06

**Income and Expenditure Account for the year ended 30 September 2005**

	Note	2005 £ sterling	2004 £ sterling
<b>Income</b>			
Subscriptions	2	593,385	437,482
Interest income		25,117	16,641
<b>TOTAL</b>		<u>618,502</u>	<u>454,123</u>
<b>Expenditure</b>			
Accommodation		20,027	19,765
Council Tax		4,451	4,197
Office Costs		32,053	28,711
Office Equipment		2,720	2,875
Staff Costs	4	284,862	229,664
Travel & Subsistence		77,891	57,123
Entertainment		1,287	201
Cost of Meetings		14,973	7,042
Legal & Professional Costs		2,249	4,387
Accounting & Tax Fees		5,785	5,792
Audit Fee - current year		4,000	3,000
Audit Fee - underprovision prior year		700	-
Publications & Website		165,455	91,366
Press & Publicity		2,049	-
<b>TOTAL EXPENSES</b>		<u>618,502</u>	<u>454,123</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 11 form part of these accounts.

Balance Sheet - at 30 September 2005

	Note	2005 (£ sterling)	2004 (£ sterling)
<b>Current Assets</b>			
Debtors - amounts falling due within one year	6	14,276	8,218
Cash at bank & in hand		405,128	106,480
Deposits		-	650,000
<b>TOTAL</b>		<b>419,404</b>	<b>764,698</b>
<b>Creditors - amounts due within one year</b>			
	7	(419,404)	(764,698)
<b>Current Assets/(Liabilities)</b>		<b>0</b>	<b>0</b>
<b>Reserves</b>			
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 18 May 2006  
and signed on its behalf by:

*Trevor Clunas*

Director

16/6/06

The notes on pages 9 to 11 form part of these accounts.

**Notes to the Financial Statements - for the year ended 30 September 2005**

**(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.

**(f) Pension Costs**

The company operates a defined contribution scheme. The amount charged to the income and expenditure account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**(2) Subscriptions and special contributions**

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

	<u>2005</u>	<u>2004</u>
	£	£
Subscription income	593,385	437,482

An amount totalling £518,240 was invoiced to Members on 1 September 2005 being subscriptions for the period 1 October 2005 to 30 September 2006.

Notes to the financial statements - for the year ended 30 September 2005

(3) <u>Surplus/(deficit) on ordinary activities before taxation</u>	2005	2004
	£ sterling	£ sterling
Surplus/(deficit) on ordinary activities before taxation is stated after charging:		
Hire of office equipment, operating leases	3,527	3,602
Annual office rent	15,000	15,000
Fixtures & fittings expensed	2,720	2,875
Audit fees	4,000	3,000
	<u>25,247</u>	<u>24,477</u>

(4) <u>Staff costs</u>	2005	2004
	£ sterling	£ sterling
Wages & salaries	223,866	194,493
Social security costs	32,873	22,742
Pension costs	12,390	2,640
Other staff costs, recruitment & relocation	15,733	9,789
Staff costs - operating expenses	<u>284,862</u>	<u>229,664</u>

The average number of staff during the year was 3 (2004:5)

Directors' Emoluments (including pension contributions)

	2005	2004
	£ sterling	£ sterling
Emoluments of the Chief Executive		
MR Keay	28,228	111,640
MC Catelin	120,469	-
	<u>148,697</u>	<u>111,640</u>

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 (2004: Enil). No expenses were incurred by the current Chairman, Roger S Wicks on World Coal Institute activities (2004: Enil)

(5) <u>Tax on surplus on ordinary activities</u>	2005	2004
	£ sterling	£ sterling
UK Corporation Tax at 0% (2003 at 0%)	-	-

(6) <u>Debtors - amounts falling due within one year</u>	2005	2004
	£ sterling	£ sterling
Prepayments & accrued income	1,200	5,808
Value Added Tax	13,076	2,410
	<u>14,276</u>	<u>8,218</u>

(7) <u>Creditors - amounts falling due within one year</u>	2005	2004
	£ sterling	£ sterling
Sundry Creditors & Accruals	60,332	21,772
Subscriptions: charged in advance	353,126	736,187
PAYE/NI	5,946	6,739
	<u>419,404</u>	<u>764,698</u>

(8) Lease commitments

The company's commitments for annual rental payments under operating leases payable during the year to 30 September 2005 are as follows:

	2005	2004
	£ sterling	£ sterling
Land and Buildings*	3,750	15,000
Other operating leases	2,532	2,532
	<u>6,282</u>	<u>17,532</u>

\*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.