

WORLD COAL INSTITUTE

FINANCIAL STATEMENTS
for the year ended 30 September 1998

REGISTERED NO: 1947623



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WORLD COAL INSTITUTE

Report of the Directors for the year ended 30 September 1998

1. The Directors present herewith their Report and the audited accounts of the Institute for the year ended 30 September 1998.

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 1998 calendar year the World Coal Institute held two full meetings (in the UK and Japan) of all members. Worldwide developments affecting the coal industry, and the general direction of the work of the Institute, were discussed at these meetings.


At the Annual General Meeting of the Institute held in London in April a significant change to the Articles of Association was agreed allowing persons involved in the utilisation of coal, and those involved in research and development into new uses and improved applications to enter into membership.

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 participates in the ongoing negotiations under the United Nations Framework Convention on Climate Change – these environmental negotiations continue to be a high priority for the Institute.

The Institute co-organised a successful workshop with The Confederation of United Kingdom Coal Producers in London in May. It was agreed to continue with this workshop on an annual basis, but subject to a standard project evaluation process. The Institute co-hosted and participated in the CoalTrans Asia Conference in Indonesia in June.

The World Coal Institute produced a Spanish language version of the second edition of the successful general publication on coal – 'Coal – Power for Progress'. The Institute continued to update and distribute educational 'facts cards' covering a wide range of coal statistics and associated topics. The Institute also continued to publish its quarterly newsletter Ecoal – a special Japanese edition of which was released in September.

An up-dated version of the World Coal Institute website was released in February – the Institute has continued to update and expand the site throughout the year. This medium has proved to be an effective way of providing access to information for members, industry, academia, students and the public.



Membership

5. Membership is open to all coal producing and coal consuming enterprises. At 30 September 1998 membership stood at 26 companies and six Honorary Members:

AMCOAL (Anglo American Coal Corporation Ltd) (membership effective 3 July 1998)
 The Broken Hill Proprietary Company Ltd
 BP Coal Ltd
 Carbocol (Carbones de Colombia SA)
 Carbozulia (Carbones del Zulia)
 Celtic Energy Ltd (membership effective 13 August 1998)
 Coal India Ltd
 CONSOL Inc
 Fording Coal Ltd
 Glencore International AG (membership effective 17 August 1998)
 Gold Fields Coal Ltd
 Idemitsu Kosan Co Ltd
 Ingwe Coal Corporation Ltd
 Inter-American Coal NV
 Luscar Ltd
 Manalta Coal Ltd
 Mitsubishi Development Pty Ltd
 QCT Resources Ltd
 RAG EBV AG
 Rio Tinto Limited
 RJB Mining plc
 Shell Coal Pty Ltd
 Sumitomo Coal Mining Company Ltd
 Swabara Group
 Tavistock Collieries Ltd
 Total SA


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

The following members resigned during the year 1 October 1997 to 30 September 1998:

Rosugol – effective 20 November 1997
 Exxon Coal and Minerals Company – effective 31 March 1998
 Gold Fields Coal Ltd – effective 30 September 1998
 Manalta Coal Ltd – effective 30 September 1998
 Tavistock Collieries Ltd – effective 30 September 1998

The following companies have become members in the period from 1 October 1998 to the date of this Report:

Arch Coal, Inc as from 10 December 1998
 Duiker Mining Ltd as from 10 December 1998
 Drummond Ltd as from 28 December 1998



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 1998 comprised:

<u>NOMINATING MEMBER COMPANY</u>	<u>DIRECTOR</u>	<u>ALTERNATE</u>
AMCOAL	J W Campbell	A E Redman
BROKEN HILL PTY CO LTD	R W Kirkby	R H Willims
BP COAL LTD	I L Rushby	-
CARBOCOL	-	M M Reina
CARBOZULIA	J R Albornoz	-
CELTIC ENERGY LTD	D Hart	M Thomas
COAL INDIA LTD	P K Sengupta	S K Varma
CONSOL INC	B R Brown	J B Harvey
FORDING COAL LTD	J G Gardiner	J L Popowich
GOLD FIELDS COAL LTD	-	-
IDEMITSU KOSAN CO LTD	N Ishigami	T Yamada
INGWE COAL CORPORATION LTD	D J K Murray	G P Osterloh
INTER-AMERICAN COAL NV	M L J van den Berg	E M Massey
LUSCAR LTD	G D Ulrich	-
MANALTA COAL LTD	G D Chapel	J R Morgan
MITSUBISHI DEVELOPMENT PTY LTD	I Hiwasaki	K Uehara
QCT RESOURCES LTD	C D Rawlings	G M Beck
RAG EBV AG	J W Stadelhofer	R Benning
RIO TINTO LIMITED	B F Horwood	-
RJB MINING PLC	R J Budge	C L Godfrey
SHELL COAL PTY LTD	R C Scharp	-
SUMITOMO COAL MINING CO LTD	K Kobayashi	H Isobe
SWABARA GROUP	G L Robertson	A B Grant
TAVISTOCK COLLIERIES LTD	M H Rogers	-
TOTAL SA	J R E Curt	D De Bourgues
WORLD COAL INSTITUTE	R W Knapp (Chief Executive)	
	J M Slater (Chairman)	
HONORARY MEMBERS:	K-H Bund	
	J H Morrish	
	J M Slater	

The following resigned or otherwise ceased to be members of the Board during the year 1 October 1997 to 30 September 1998:

J C Hannah (effective 28 October 1997)
 Y N Malyshev (effective 20 November 1997)
 N I Garkavenko (effective 20 November 1997)
 G G Summers (effective 30 November 1997)
 J A Dreyer (effective 1 January 1998)
 A E Osorio (effective 5 January 1998)
 P R Janisch (effective 22 April 1998)
 F E Chirinos (appointment effective 25 March 1998 - resigned effective 4 May 1998)
 G Wakitani (effective 15 July 1998)
 Y Momose (effective 3 August 1998)
 B A Day (effective 31 August 1998)
 R J Adey (effective 31 August 1998)
 D J Klingner (effective 3 September 1998)
 I E Daza (effective 28 September 1998)
 G D Chapel (effective 30 September 1998)
 J R Morgan (effective 30 September 1998)
 M H Rogers (effective 30 September 1998)



The following changes to the Board have occurred in the period from 1 October 1998 to the date of this Report:

<u>NOMINATING MEMBER COMPANY</u>	<u>DIRECTOR</u>	<u>ALTERNATE DIRECTOR</u>	<u>EFFECTIVE DATE**</u>
(a) Appointments:-			
Rio Tinto Ltd	N R Amaya	L J Dove	4 November 1998
Carbocol			18 November 1998
QCT Resources Ltd		C C Hopkins	23 December 1998
(b) Resignations:-			
QCT Resources Ltd		G M Beck	26 October 1998
Ingwe Coal Corporation Ltd		G P Osterloh	22 February 199

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

BY ORDER OF THE BOARD



KENNETH LAVANCHY
Company Secretary

Date: 12 April 1999



WORLD COAL INSTITUTE

Statement of Directors' Responsibilities


The Directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at 30 September and of the income and expenditure for the year then ended. It is also the Directors' responsibility to:

- maintain adequate accounting records;
- safeguard the assets of the company;
- prevent and detect fraud and other irregularities.

The Directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the accounts, and that applicable accounting standards have been followed.

The Directors also confirm that the financial statements have been prepared on a going concern basis.

BY ORDER OF THE BOARD



R W KNAPP
Chief Executive

Date: 12 April 1999



AUDITORS' REPORT

Report of the auditors to the members of
WORLD COAL INSTITUTE

We have audited the financial statements on pages 7 to 11 which have been prepared under the historical cost convention.

Respective responsibility of directors and auditors

As described on page 5 the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit on those statements, and to report our opinion to you.

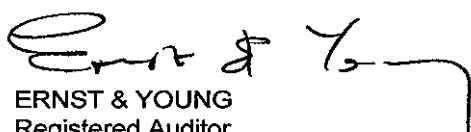
Basis of opinion

We conducted our audit in accordance with 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 at 30 September 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG
Registered Auditor

LONDON

Date: 12 April 1999



WORLD COAL INSTITUTE
(Limited by guarantee)

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Income and expenditure account for the year ended 30 September 1998

	<u>Note</u>	<u>1998</u>	<u>1997</u>
		£	£
INCOME			
Subscriptions	2	296,010	325,812
Special contributions to promotion & publicity	2	199,299	209,195
Interest income		14,424	18,098
Other income		3,420	1,096
Total income		513,153	554,201
EXPENDITURE			
Accommodation		38,901	34,693
Uniform Business Tax		9,119	9,809
Office Equipment & costs	6	52,472	49,983
Staff costs	4	76,608	237,977
Travel & subsistence		13,619	18,552
Entertainment		89	3,627
Cost of meetings		8,724	5,424
Legal & professional costs		8,809	4,021
Accounting & tax fees		4,791	10,938
Audit fee		2,000	2,000
Total Operating Expense		215,132	377,024
Promotion & publicity expenses		156,806	124,524
Global Climate expenses		139,745	48,453
Total Expenses		511,683	550,001
Surplus on ordinary activities before taxation	3	1,470	4,200
Taxation	5	(1,470)	(4,200)
Result/surplus for the year after taxation		0	0
Accumulated deficit b/f		0	0
Balance c/f		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.

WORLD COAL INSTITUTE
(Limited by guarantee)

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Balance sheet – at 30 September 1998

	<u>Note</u>	<u>1998</u>	<u>1997</u>
		£	£
CURRENT ASSETS			
Debtors	7	273,601	271,052
Cash at bank and in hand		155,174	120,324
Deposits		50,000	200,000
		<u>478,775</u>	<u>591,376</u>
CURRENT LIABILITIES:			
Amounts falling due within one year			
Creditors	8	(478,775)	(591,376)
CURRENT ASSETS/(LIABILITIES)		<u>0</u> =====	<u>0</u> =====
RESERVES			
Income and expenditure account:		<u>0</u> =====	<u>0</u> =====

Approved by the Board of Directors on 12 April 1999
and signed on its behalf by:



R W KNAPP
Director

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



Notes to the accounts – for the year ended 30 September 1998

(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.

(b) Subscriptions

Subscription income is recognised in the period to which it relates. Subscriptions are billed in £ sterling.

(c) Fixed assets

Assets are expensed to the income and expenditure account in the year of purchase.

(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) 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.

(2) Subscriptions and special contributions

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

	<u>1998</u>	<u>1997</u>
	£	£
Subscriptions receivable	296,010	325,812
Contributions receivable (including transfers from deferred income brought forward from previous years)	199,299	209,195

Notes to the accounts – for the year ended 30 September 1998

(3) Surplus on ordinary activities before taxation

	<u>1998</u> £	<u>1997</u> £
Surplus on ordinary activities before taxation is stated after charging:		
Hire of office equipment – operating leases	4,478	6,294
Annual office rent (A rent-free period applied from 1 October 1996 to 31 January 1997)	22,000	14,737

(4) Staff costs

	<u>1998</u> £	<u>1997</u> £
Wages & Salaries	190,242	209,394
Social security costs	18,934	21,138
	<u>209,176</u>	<u>230,532</u>
Other staff costs, recruitment and relocation	34,032	58,945
Staff Cost contribution from Promotion and Global Climate Committees	(166,600)	(51,500)
	<u>76,608</u> =====	<u>237,977</u> =====

The average number of staff during the year was 4 (1997: 4)

Directors' Emoluments (including pension contributions)

	£	£
Emoluments of the Chief Executive		
R W Knapp (from January 1997)	124,547	88,325
A C Toohey (to January 1997)		33,342

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 (1997: £NIL).

(5) Tax on surplus on ordinary activities

	<u>1998</u> £	<u>1997</u> £
UK Corporation tax at 21% (1997 22.5%)	1,534	3,862
Adjustment in respect of previous years	(64)	338
	<u>1,470</u>	<u>4,200</u>

(6) Fixed assets

	<u>1998</u> £	<u>1997</u> £
Assets expensed in the year (included in office equipment & costs)	9,724 =====	15,718 =====

(Limited by guarantee)

Notes to the accounts – 30 September 1998

(7) Debtors

	<u>1998</u>	<u>1997</u>
	£	£
Subscriptions & Contributions unpaid at 30 September	266,317	270,127
Prepayments and accrued income	7,284	925
	<u>273,601</u>	<u>271,052</u>
	=====	=====

(8) Creditors – amounts falling due within one year

	<u>1998</u>	<u>1997</u>
	£	£
Corporation tax	1,534	3,862
VAT payable	1,382	2,500
Sundry Creditors and Accruals	43,934	57,651
Subscriptions: 1998/99 charged in advance	273,060	303,600
Contributions: (Promotion) Article 17 in advance	20,652	63,429
Contributions: 1998/99 (Promotion) charged in advance	138,213	160,334
	<u>478,775</u>	<u>591,376</u>
	=====	=====

(9) Lease commitments

The company's commitments for annual rental payments under operating leases payable during the year to 30 September 1999 are as follows:

	<u>Land and Buildings</u>	<u>Other Operating Leases</u>
Leases expiring between two and five years	£22,000*	£4,332
*Rent review September 1999; lease expires 31 August 2006; break clause 31 August 2001		

(10) Other commitments

The Institute also has the following contractual commitments:

R W Knapp Relocation payment at completion of contract is payable at the rate of £7,000 per year of service limited to a maximum payment of £25,000. Obligation at 30 September 1998 was £12,250.

(11) 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.