

## WORLD COAL INSTITUTE

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**Chairman:** Dave Murray

**Chief Executive:** Malcolm Keay

## WORLD COAL INSTITUTE

### FINANCIAL STATEMENTS for the year ended 30 September 2001

**REGISTERED NO: 1947623**



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## WORLD COAL INSTITUTE

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### Report of the Directors for the year ended 30 September 2001

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1. The Directors present herewith their Report and the audited accounts of the Institute for the year ended 30 September 2001.

#### 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 2001 calendar year the World Coal Institute held two full meetings (in the Republic of Korea and the UK) 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 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-hosted and participated in the Coaltrans Russia Conference in Moscow in April and the Coaltrans Asia Conference in Sydney, Australia, in June.

The World Coal Institute continued to periodically update its flagship publication '*Coal – Power for Progress*', the Fourth Edition of which was released in March. The Institute also continued to update and distribute its educational 'facts cards' covering a wide range of coal statistics and associated topics. The Institute published four editions of its newsletter, *Ecoal*.

The World Coal Institute completed work on the 'Good News from Coal' project with the first ten stories plus summary sheet published in November 2000.

The Institute has continued to update and expand its website ([www.wci-coal.com](http://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.

## WORLD COAL INSTITUTE

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### Membership

5. Membership is open to all coal producing and coal consuming enterprises. At 30 September 2001 membership stood at 20 companies and six Honorary Members:

PT Adaro  
 Anglo Coal  
 The Broken Hill Proprietary Company Ltd (BHP Ltd)  
 Billiton Coal SA Ltd  
 PT Tambang Batubara Bukit Asam (Persero) (PT Bukit Asam)  
 Celtic Energy Ltd  
 Coal India Ltd  
 CONSOL Energy Inc  
 Drummond Ltd  
 Duiker Mining Ltd  
 Ensham Resources Pty Ltd  
 Glencore International AG  
 Luscar Ltd  
 Mitsubishi Development Pty Ltd  
 QCT Resources Ltd  
 RAG Coal International AG  
 Rio Tinto Limited  
 Sumitomo Coal Mining Company Ltd  
 TotalFinaElf SA  
 UK Coal plc

**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 2000 to 30 September 2001:

Celtic Energy Ltd – effective 30 September 2001  
 Drummond Ltd – effective 30 September 2001  
 Ensham Resources – effective 30 September 2001  
 Luscar Ltd – effective 30 September 2001  
 QCT Resources – effective 30 September 2001  
 Sumitomo Coal Mining Co Ltd – effective 30 September 2001

### **COMPANY NAME CHANGES:**

PT Adaro Indonesia from Swabara Group  
 UK Coal Plc from RJB Mining Plc

4 April 2001  
 25 May 2001

# WORLD COAL INSTITUTE

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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 2001 comprised:

<u>NOMINATING MEMBER COMPANY</u>	<u>DIRECTOR</u>	<u>ALTERNATE</u>
PT ADARO INDONESIA	G L Robertson	A B Grant
ANGLO COAL	-	A E Redman
BROKEN HILL PTY CO LTD	M C Oppenheimer	-
BILLITON COAL SA LTD	D J K Murray	R H Willims
PT TAMBANG BATUBARA BUKIT ASAM	R A Sunardi	T Isnutomo
CELTIC ENERGY LTD	D Hart	M Thomas
COAL INDIA LTD	P K Sengupta	S K Varma
CONSOL ENERGY INC	J B Harvey	W A Bruno
DRUMMOND LTD	-	-
DUIKER MINING LTD	E H J Stoyell	-
ENSHAM RESOURCES PTY LTD	-	-
GLENCORE INTERNATIONAL AG	I Glasenberg	T Peterson
LUSCAR LTD	-	-
MITSUBISHI DEVELOPMENT PTY LTD	H Nakahara	J Kinukawa
QCT RESOURCES LTD	-	-
RAG COAL INTERNATIONAL AG	J W Stadelhofer	J C D Oesterlink
RIO TINTO LIMITED	B F Horwood	A M Lloyd
SUMITOMO COAL MINING CO LTD	K Kobayashi	Y Futaki
TOTALFINAELF SA	J R E Curt	D De Bourgues
UK COAL PLC	G A McPhie	B E Ricketts
WORLD COAL INSTITUTE	R W Knapp (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 2000 to 30 September 2001:

C D Rawlings (effective 6 November 2000)  
 C C Hopkins (effective 6 November 2000)  
 K Uehara (effective 31 March 2001)  
 G D Ulrich (effective 15 May 2001)  
 K J Foots (effective 26 June 2001)  
 J W Campbell (effective 31 July 2001)  
 S J Matthews (effective 19 September 2001)  
 D Hart (effective 30 September 2001)  
 M Thomas (effective 30 September 2001)  
 K Kobayashi (effective 30 September 2001)  
 F Futaki (effective 30 September 2001)

# WORLD COAL INSTITUTE

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In the period from 1 October 2001 to the date of this Report, one new member has been admitted, namely Carbones del Zulia (28 March 2002) and the following changes to the Board have occurred:

<u>NOMINATING MEMBER COMPANY</u>	<u>DIRECTOR</u>	<u>ALTERNATE DIRECTOR</u>	<u>EFFECTIVE DATE**</u>
(a) Appointments:-			
Anglo Coal	A E Redman	R S Wicks	8 October 2001
Rio Tinto Ltd	G H Boyce	-	5 October 2001
World Coal Institute (Ex Officio)	M R Keay	-	2 January 2002
Coal India	NK Sharma	S V Chaoji	27 February 2002
Carbones del Zulia	R Colmenares	E Bueno	28 March 2002
(b) Resignations:-			
Rio Tinto Ltd	B F Horwood	-	5 October 2001
World Coal Institute (Ex Officio)	R W Knapp	-	31 December 2001
Coal India	PK Sengupta	SK Varma	27 February 2002

**\*\* Date of receipt of formal notification relating to appointment or resignation/advice of resignation**

## Auditors

- Ernst & Young were appointed auditors for these accounts by resolution at the Annual General Meeting on 4 April 2001. On 28 June 2001, Ernst & Young transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution on the appointment of auditors for the financial year ending 30 September 2002 will be put to the members at the Annual General Meeting on 19 April 2002.

BY ORDER OF THE BOARD



KENNETH LAVANCHY  
Company Secretary

Date: 19 April 2002

WORLD COAL INSTITUTE

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Statement of Directors' Responsibilities

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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; 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 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



M R KEAY  
Chief Executive

Date: 19 April 2002

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

We have audited the institute's financial statements for the year ended 30 September 2001 which comprise the Income and Expenditure account, Balance Sheet and the related notes 1 to 10. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

As described in the Statement of Directors' Responsibilities the institute'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 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 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 transactions with the institute 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.

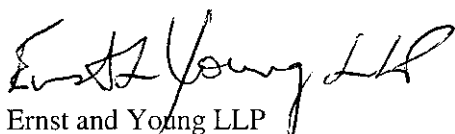
### **Basis of audit opinion**

We conducted our audit in accordance with 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 institute'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 institute as at 30 September 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst and Young LLP

Registered Auditor

London

Date: 19 April 2002



Income and expenditure account for the year ended 30 September 2001

	<u>Note</u>	<u>2001</u>	<u>2000</u>
		£	£
<b>INCOME</b>			
Subscriptions	2	468,346	421,922
Interest income		14,287	12,865
Other income		11,500	22,060
Total income		494,133	456,847
<b>EXPENDITURE</b>			
Accommodation		24,460	39,588
Borough Business Rates		4,862	10,321
Office Equipment & costs		32,842	35,458
Staff costs	4	249,009	229,261
Travel & subsistence		17,934	7,408
Entertainment		2,212	3,081
Cost of meetings		12,526	8,518
Legal & professional costs		3,607	1,359
Accounting & tax fees		5,034	4,267
Audit fee		3,000	3,000
Total Operating Expense		355,486	342,261
Promotion & publicity expenses		70,625	59,993
Global Climate expenses		67,080	54,311
Total Expenses		493,191	456,565
Surplus/(deficit) on ordinary activities before taxation	3	942	282
Taxation	5	(942)	(282)
Result/surplus for the year after taxation		0	0

All amounts above relate to continuing operations.

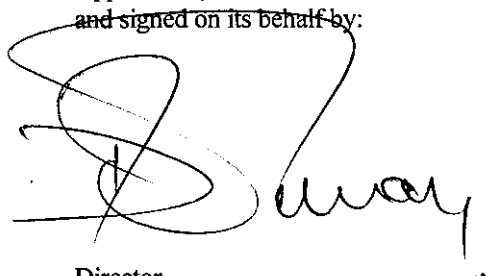
The Company has no recognised gains and losses other than the surplus/loss above and therefore no separate statement of total recognised gains and losses has been presented.

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

Balance sheet – at 30 September 2001

	<u>Note</u>	<u>2001</u>	<u>2000</u>
		£	£
<b>CURRENT ASSETS</b>			
Debtors – amounts falling due within one year	6	10,447	10,782
Cash at bank and in hand		133,819	116,442
Deposits		150,000	300,000
		<u>294,266</u>	<u>427,224</u>
Creditors: amounts falling due within one year	7	(294,266)	(427,224)
<b>CURRENT ASSETS/(LIABILITIES)</b>		<u>0</u>	<u>0</u>
<b>RESERVES</b>			
Income and expenditure account		<u>0</u>	<u>0</u>

Approved by the Board of Directors on 19 April 2002  
and signed on its behalf by:



Director

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

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Notes to the accounts – for the year ended 30 September 2001

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(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 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) Comparative figures

Certain previous year's figures have been restated to conform with the 2001 presentation

(2) Subscriptions and special contributions

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

	<u>2001</u>	<u>2000</u>
	£	£
Subscription income	468,346	421,922

An amount totalling £454,306 was invoiced to Members on 1 September 2001 being subscriptions for the period 1 October 2001 to 30 September 2002.

Notes to the accounts – for the year ended 30 September 2001

(3) Surplus/(deficit) on ordinary activities before taxation

	<u>2001</u> £	<u>2000</u> £
Surplus/(deficit) on ordinary activities before taxation is stated after charging:		
Hire of office equipment – operating leases	3,807	4,746
Annual office rent	17,500	22,000
Fixtures & fittings expensed (included in accommodation)	3,066	-

(4) Staff costs

	<u>2001</u> £	<u>2000</u> £
Wages & Salaries	179,645	179,342
Social security costs	19,852	19,997
	<u>199,497</u>	<u>199,339</u>
Other staff costs, recruitment and relocation	49,512	29,922
Staff costs – operating expenses	<u>249,009</u>	<u>229,261</u>

The average number of staff during the year was 3 (2000: 3)

Directors' Emoluments (including pension contributions)

	£	£
Emoluments of the Chief Executive		
R W Knapp	139,516	133,826

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 (2000: £NIL). An amount of £575 for expenses incurred by the outgoing Chairman, John M Slater, on World Coal Institute activities was paid; no expenses were incurred by the current Chairman, Dave J K Murray, on World Coal Institute activities (2000: £5,678).

(5) Tax on surplus on ordinary activities

	<u>2001</u> £	<u>2000</u> £
UK Corporation tax at 10% (2000 20%)	942	-
Adjustment in respect of previous years	-	282
	<u>942</u>	<u>282</u>

(Limited by guarantee)

## Notes to the accounts – 30 September 2001

(6) Debtors – amounts falling due within one year

	<u>2001</u>	<u>2000</u>
	£	£
Prepayments and accrued income	6,552	10,057
Value Added Tax	3,895	725
	<u>10,447</u>	<u>10,782</u>

(7) Creditors – amounts falling due within one year

	<u>2001</u>	<u>2000</u>
	£	£
Sundry Creditors and Accruals	14,376	21,253
Subscriptions: 2001/2002 charged in advance	278,948	306,571
Contributions: (Promotion) Article 17 in advance	-	78,233
Corporation Tax	942	-
Deferred Income: Life Cycle Analysis Project	-	21,167
	<u>294,266</u>	<u>427,224</u>

(8) Lease commitments

The company's commitments for annual rental payments under operating leases payable during the year to 30 September 2001 are as follows:

	<u>Land and Buildings</u>	<u>Other Operating Leases</u>
Leases expiring between two and five years	£15,000*	£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) Other commitments

At 30 September 2001, the Institute had the following future contractual commitments:

**R W Knapp:** Relocation payment at completion of contract of employment is payable at the rate of £7,000 per year of service limited to a maximum payment of £25,000. Obligation at 30 September 2001 was £25,000 ie the maximum payment allowable.

**Staff leave:** Contingent liabilities associated with payments for leave not taken by staff during their term of employment in accordance with contractual entitlements had a potential cost at 30 September 2001 of £31,908 (R W Knapp £20,688; C I E Griffiths £10,080). (These commitments were reported in the 2000 Financial Statements as having a potential cost of £33,198 at 31 December 2000, based on R W Knapp £25,290 and C I E Griffiths £7,908.)

All these commitments have been budgeted for expensing in the first quarter of 2001-02.

Since 30 September 2001, the Executive Committee approved (10 October 2001) an *ex gratia* payment to Miss C I E Griffiths of £5,000 on her resignation after 9 years of dedicated service.

(10) 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.