

Company Registration No. 02168685 (England and Wales)

IEA ENVIRONMENTAL PROJECTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

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IEA ENVIRONMENTAL PROJECTS LIMITED

COMPANY INFORMATION

Directors

Dr J M Topper
J B Lott
A M Lloyd

Secretary

C F Nathan

Company number

02168685

Registered office

Gemini House
10-18 Putney Hill
London
Great Britain
SW15 6AA

Auditors

HLB Vantis Audit Plc
The White Cottage
19 West Street
Epsom
Surrey
KT18 7BS

IEA ENVIRONMENTAL PROJECTS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 14

IEA ENVIRONMENTAL PROJECTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2009

The directors present their report and financial statements for the year ended 31 March 2009.

Principal activities and review of the business

The principal activity of the company continued to be that of Operating Agent for the IEA Greenhouse Gas R&D Programme on behalf of its members. This is an international collaboration supported by eighteen countries (2008: 18), the European Commission, the Organisation of Petroleum Exporting Countries and twenty one industrial sponsors (2008: 18). Its purpose is to provide information on technologies for the abatement of greenhouse gas emissions from the burning of fossil fuels. The members are represented through an Executive Committee.

Since 3rd July 2001, the Company has also been the owner of IEA Coal Research Limited the Operating Agent for IEA Clean Coal Centre, an international organisation set up to provide information about, and analysis of, all aspects of coal-related combustion technologies, the economics and associated environmental control technologies.

Review of the business

The Centre continues to research and disseminate information on subjects relevant to greenhouse gas mitigation. The subjects are decided by the members and, increasingly, are published electronically rather than by hard copy.

The company may only charge to the IEA Greenhouse Gas R&D Programme the exact costs of the operation and therefore makes neither a profit nor a loss.

Principal risks and uncertainties

The company operates the IEA Greenhouse Gas R&D Programme under the terms of the Implementing Agreement.

The primary members of the IEA Greenhouse Gas R&D Programme are government agencies of countries interested in greenhouse gas emissions and interest in the subject is increasing as concerns over global warming and future energy supplies continue to exercise authorities around the world. Individual government agencies may have financial constraints imposed on them and sometimes replace direct subscription to the Programme by a consortium of commercial sponsors, in addition to individual sponsor membership by commercial organisations.

Funds temporarily surplus to requirements are deposited with the company's bankers.

Results and dividends

The results for the year are set out on page 5.

Financial Instruments

The company makes sales on credit and manages the risks arising through credit control procedures. The company is exposed in its operations to the risk of changes in foreign currency exchange rates. Certain amounts are invoiced in US dollars based on the exchange rate ruling at the date of the transaction. The policy is to obtain funding in advance based on budgeted requirements.

Directors

The following directors have held office since 1 April 2008:

Dr J M Topper
J B Lott
A M Lloyd

IEA ENVIRONMENTAL PROJECTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

Employee involvement

The company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given at staff meetings and through information bulletins and reports.

Disabled persons

The company gives equal consideration to potential staff with disabilities for those vacancies for which they may be considered. If employed they would qualify for terms and conditions of service equal to those of existing staff.

Directors' responsibilities

The directors are responsible for preparing 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 judgements 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;
- 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 proper accounting records that 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 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.

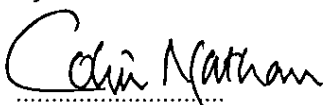
Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Qualifying 3rd party indemnity provisions

The company maintains an insurance policy on behalf of the directors and company secretary against liability arising from negligence, breach of duty and breach of trust in relation to the company.

By order of the board



C F Nathan

Secretary

20/10/2009

IEA ENVIRONMENTAL PROJECTS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF IEA ENVIRONMENTAL PROJECTS LIMITED

We have audited the financial statements of IEA Environmental Projects Limited for the year ended 31 March 2009 set out on pages 5 to 14. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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.

IEA ENVIRONMENTAL PROJECTS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF IEA ENVIRONMENTAL PROJECTS LIMITED

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

HLB Vantis Audit Plc

HLB Vantis Audit Plc

20/10/2009

Chartered Accountants
Registered Auditor

The White Cottage
19 West Street
Epsom
Surrey
KT18 7BS



IEA ENVIRONMENTAL PROJECTS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £	2008 £
Turnover	2	1,593,746	1,066,892
Administrative expenses		(1,654,519)	(1,169,832)
Operating loss	3	(60,773)	(102,940)
Other interest receivable and similar income	4	79,993	107,024
Profit on ordinary activities before taxation		19,220	4,084
Tax on profit on ordinary activities	5	(19,220)	(4,084)
Profit/(Loss) for the year		-	-

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.


IEA ENVIRONMENTAL PROJECTS LIMITED

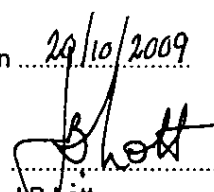
BALANCE SHEET

AS AT 31 MARCH 2009

	Notes	2009 £	£	2008 £	£
Fixed assets					
Investments	6		2		2
Current assets					
Debtors	7	839,888		444,711	
Cash at bank and in hand		2,370,092		2,690,124	
		<u>3,209,980</u>		<u>3,134,835</u>	
Creditors: amounts falling due within one year	8	(1,686,803)		(1,676,760)	
Net current assets		<u>1,523,177</u>		<u>1,458,075</u>	
Total assets less current liabilities		<u>1,523,179</u>		<u>1,458,077</u>	
Creditors: amounts falling due after more than one year	9	(1,523,079)		(1,457,977)	
		<u>100</u>		<u>100</u>	
Capital and reserves					
Called up share capital	11		100		100
Shareholders' funds	12		<u>100</u>		<u>100</u>

Approved by the Board and authorised for issue on 29/10/2009


 Dr J M Pepper
 Director


 J B Lott
 Director

Company Registration No: 02168685 (England and Wales)

IEA ENVIRONMENTAL PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

1 Accounting policies

1.1 Accounting convention

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Rio Tinto plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

The Company is the operating agent for IEA Greenhouse Gas R&D Programme (the Programme) which is financed by various countries, sponsors and the EU. The Company's net expenditure in each year is charged to the Programme, the Company making neither profit nor loss.

The financial statements of the Company have been prepared under the historical cost convention and in accordance with s226 and Schedule 4 of the Companies Act 1985.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement.

1.2 Compliance with and departure from accounting standards

The financial statements are prepared in accordance with applicable accounting standards, which have been applied consistently (except as otherwise stated).

Although the ultimate parent company is listed on the London Stock Exchange, the financial statements have not been prepared in accordance with International Financial Reporting Standards, as the company is a minor subsidiary and the directors consider that the costs outweigh the benefits.

The company has taken advantage of the exemption contained in FRS 8, Related Parties, from the requirement to disclose related party transactions.

1.3 Turnover

Turnover represents contributions received from member countries and the sales of services, excluding Value Added Tax.

The current position is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value to which costs to date bear to total expected costs for that contract. The net income thus deferred on on-going projects during the year was £nil (2008: £20,024).

The above policy is considered by the directors to more accurately reflect the not for profit nature of the company and as such they have applied the true and fair override in this regard.

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

IEA ENVIRONMENTAL PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

1 Accounting policies

(continued)

1.6 Pensions

The company operates a sub-fund for two staff in the Industry Wide Coal Staff Superannuation Scheme with benefits provided on a defined benefits basis. Contributions payable in the year are charged to the profit and loss account as incurred.

For defined benefit schemes, when the benefits of a scheme are improved, past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately, following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised as an expense immediately.

The company contributes to a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.7 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss

	2009 £	2008 £
Operating loss is stated after charging:		
External technical studies	717,014	297,054
Fees payable to the company's auditor for the audit of the company's annual accounts	13,026	6,179
Remuneration for accountants for non-audit work	14,000	13,318
and after crediting:		
Profit on foreign exchange transactions	(112,814)	(1,852)

IEA ENVIRONMENTAL PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

4	Investment income	2009 £	2008 £
	Bank interest	79,993	107,024
		<u>79,993</u>	<u>107,024</u>
5	Taxation	2009 £	2008 £
	Domestic current year tax		
	U.K. corporation tax	19,196	8,270
	Adjustment for prior years	24	(4,186)
	Current tax charge	<u>19,220</u>	<u>4,084</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>19,220</u>	<u>4,084</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 30.00%)	<u>5,382</u>	<u>1,225</u>
	Effects of:		
	Other tax adjustments	<u>13,838</u>	<u>2,859</u>
		<u>13,838</u>	<u>2,859</u>
	Current tax charge	<u>19,220</u>	<u>4,084</u>

IEA ENVIRONMENTAL PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

6 Fixed asset investments

	Unlisted investments £
Cost	
At 1 April 2008 & at 31 March 2009	2
Net book value	
At 31 March 2009	2
At 31 March 2008	2

Holdings of more than 20%

The company holds more than 20% of the share capital of the following company:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
IEA Coal Research Limited	England and Wales	Ordinary	100.00

The aggregate amount of capital and reserves and the results of this undertaking for the last relevant financial year were as follows:

	Principal activity	Capital and reserves 2009 £	Profit/(loss) for the year 2009 £
IEA Coal Research Limited	Operating agent IEA Clean Coal Centre	2	-

7 Debtors

	2009 £	2008 £
Trade debtors	743,719	394,547
Other debtors	85,862	24,686
Prepayments and accrued income	10,307	25,478
	<u>839,888</u>	<u>444,711</u>

IEA ENVIRONMENTAL PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

8	Creditors: amounts falling due within one year	2009 £	2008 £
	Trade creditors	85,977	12,756
	Amounts owed to subsidiary undertakings	143,800	194,030
	Corporation tax	19,196	8,270
	Other creditors	1,217,472	1,253,547
	Accruals and deferred income	220,358	208,157
		<u>1,686,803</u>	<u>1,676,760</u>
9	Creditors: amounts falling due after more than one year	2009 £	2008 £
	Amounts held on behalf of contributing countries	<u>1,523,079</u>	<u>1,457,977</u>

Amounts held on behalf of contributing countries consist of the following:

Winding up fund

The winding-up fund exists to cover the costs arising from the closure of the IEA Greenhouse Gas R&D Programme. No agreement has been made nor are there any plans to wind up the Programme at the present time. The size of the fund is assessed annually by the Operating Agent and any proposed changes are agreed annually by the Executive Committee. The size of the fund as at 31 March 2009 was £287,622 (2008: £287,622).

Members' unspent balances

Members' unspent balances are the sums of money remaining once charges have been made for working capital and other commitments during the year. The balance as at 31st March 2009 was £1,235,457 (2008: £1,170,355).

IEA ENVIRONMENTAL PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

10 Pension costs

Employees of IEA Environmental Projects Limited are members of two pension schemes. The assets of the schemes are held in separate trustee administered funds.

With effect from 1 April 2008, employees of IEA Environmental Projects Limited are eligible to join the defined contribution section of the Rio Tinto Pension Fund ("the Fund"). Most employees participate in the Fund with benefits provided on a defined benefit basis. The contributions paid by the Company are accounted as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme.

Three employees were members of the Industry Wide Coal Staff Superannuation Scheme (IWCSSS) with benefits provided on a defined benefit basis. One member left on 31 May 2008. The contributions paid by the Company are paid by the company on a monthly basis into the unitised fund within the Scheme. At 31 March 2009, including cash awaiting to be invested, the company's share of the fund had a value of £275,887.26.

The last actuarial valuation of the IWCSSS was conducted with an effective date of 31 December 2006. As a result of the findings of that valuation, the Company's contribution rate in respect of future accrual of benefits, provision of death-in-service lump sum benefits and the administration expenses incurred by the IWCSSS was increased to 26.3% of Pensionable Pay with effect from 1 July 2007. Prior to that date the Company's contribution rate was 17.45% of Pensionable Pay plus an annual expense charge of £1,000. The actuarial valuation at 31 December 2006 revealed a funding shortfall of £120,000 in respect of benefits accrued up to the date of the valuation and the Company is making additional payments of £2,000 per month for a period of five years from 1 July 2007 to eliminate this shortfall. The funding position will be reviewed at the next actuarial valuation which will be at an effective date of 31 December 2009.

The PPF levy is included within the company contribution rate for the Rio Tinto Pension Fund. For the Industry Wide Coal Staff Superannuation Scheme, the PPF levy was included within the company contribution rate until 31 March 2007 but since 1 April 2007 has been payable separately. In 2008-09 this amounted to £1,745 (2007-08: £2,192).

The cost of contributions to the above schemes amount to £81,180 (2008: £42,054). This includes the Section 75 debt payment of £24,000 detailed above.

11 Share capital	2009 £	2008 £
Authorised		
100 Ordinary Shares of £1 each	100	100
Allotted, called up and fully paid		
100 Ordinary Shares of £1 each	100	100

IEA ENVIRONMENTAL PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

12 Reconciliation of movements in shareholders' funds	2009 £	2008 £
Loss for the financial year	-	-
Opening shareholders' funds	100	100
Closing shareholders' funds	100	100

13 Financial commitments

At 31 March 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2010:

	Land and buildings 2009 £	2008 £
Operating leases which expire: Between two and five years	19,658	19,658

14 Directors' emoluments	2009 £	2008 £
Emoluments for qualifying services	22,282	16,500

IEA ENVIRONMENTAL PROJECTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2009

15 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2009 Number	2008 Number
Directors	3	3
Administration and technical	10	10
	<u>13</u>	<u>13</u>

Employment costs

	2009 £	2008 £
Wages and salaries	410,886	350,213
Social security costs	35,172	32,111
Other pension costs	81,180	42,054
	<u>527,238</u>	<u>424,378</u>

16 Control

The company is a 100% subsidiary undertaking of Rio Tinto International Holdings Limited, a company incorporated in England and Wales.

The smallest group into which the company is consolidated is Rio Tinto International Holdings Limited. The largest group into which the company is consolidated is Rio Tinto plc, a company incorporated in England and Wales.

The consolidated accounts of Rio Tinto plc are available to the public and may be obtained from Rio Tinto plc, 2 Eastbourne Terrace, London, W2 6LG. Alternatively, they are available to download from www.riotinto.com.

17 Related party transactions

The company made charges to IEA Greenhouse Gas R&D Programme of £1,332,100 (2008: £867,113).

IEA Coal Research Ltd, its subsidiary undertaking, was owed £143,800 by the company at the balance sheet date (2008: £194,030).

The company rented its offices from The Orchard Business Centre Limited, a company of which J B Lott is a director. Rental payments of £34,085 (2008: 45,256) were made during the year. At the year end there was no balance outstanding. (2008: £nil).