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**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2003  
FOR  
IEA ENVIRONMENTAL PROJECTS LTD**



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**IEA ENVIRONMENTAL PROJECTS LTD**

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for the year ended 31st March 2003**

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**IEA ENVIRONMENTAL PROJECTS LTD**

**COMPANY INFORMATION**  
**for the year ended 31st March 2003**

**DIRECTORS:**

J M Topper  
J B Lott  
A S Keane

**SECRETARY:**

C F Nathan

**REGISTERED OFFICE:**

Gemini House  
10-18 Putney Hill  
London  
SW15 6AA

**REGISTERED NUMBER:**

2168685 (England and Wales)

**AUDITORS:**

Audit Assure  
Registered Auditors  
& Chartered Accountants  
South House  
21-37 South Street  
Dorking  
Surrey  
RH4 2JZ

## **IEA ENVIRONMENTAL PROJECTS LTD**

### **REPORT OF THE DIRECTORS for the year ended 31st March 2003**

- The directors present their report with the financial statements of the company for the year ended 31st March 2003.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the Operating Agent for the IEA Greenhouse Gas R & D Programme on behalf of its members. This is an international collaboration supported by sixteen nations, the European Commission and nine industrial sponsors. 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 3 July 2001, the Company has also been the owner of IEA Coal Research Ltd, the Operating Agent for the 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 BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

The Company's net expenditure in each year is reimbursed by the members of the IEA Greenhouse Gas R & D Programme who make an annual contribution to the Programme with the Company making neither profit nor loss from these activities.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31st March 2003.

#### **DIRECTORS**

The directors during the year under review were:

J M Topper  
J B Lott  
A S Keane

The directors holding office at 31st March 2003 did not hold any beneficial interest in the issued share capital of the company at 1st April 2002 or 31st March 2003.

None of the Directors held any interest in the stock and shares of IMC Group Holdings Ltd or any other subsidiary companies nor had any rights to acquire shares or debentures of the Company or any other body corporate under any arrangement to which the Company is a party.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements 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 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

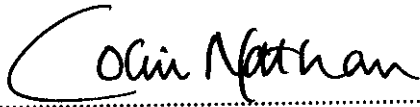
**IEA ENVIRONMENTAL PROJECTS LTD**

**REPORT OF THE DIRECTORS  
for the year ended 31st March 2003**

**AUDITORS**

The auditors, Audit Assure, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**



.....  
C F Nathan - Secretary

Date: 

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
IEA ENVIRONMENTAL PROJECTS LTD**

We have audited the financial statements of IEA Environmental Projects Ltd for the year ended 31st March 2003 on pages five to twelve. These financial statements have been prepared under the historical cost convention and 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**

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

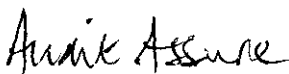
**Basis of audit opinion**

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 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 the company's affairs as at 31st March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Audit Assure  
Registered Auditors  
& Chartered Accountants  
South House  
21-37 South Street  
Dorking  
Surrey  
RH4 2JZ

Date: 28 January 2004

**IEA ENVIRONMENTAL PROJECTS LTD**

**PROFIT AND LOSS ACCOUNT  
for the year ended 31st March 2003**

		<u>31.3.03</u>	<u>31.3.02</u>
	Notes	£	£
<b>TURNOVER</b>		<b>1,036,839</b>	<b>539,457</b>
Administrative expenses		<u><b>1,068,158</b></u>	<u><b>564,041</b></u>
<b>OPERATING LOSS</b>	<b>3</b>	<b>(31,319)</b>	<b>(24,584)</b>
Interest receivable and similar income		<u><b>31,319</b></u>	<u><b>24,584</b></u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>-</b>	<b>-</b>
Tax on profit on ordinary activities	<b>4</b>	<u><b>-</b></u>	<u><b>-</b></u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u><b>-</b></u>	<u><b>-</b></u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u><u><b>-</b></u></u>	<u><u><b>-</b></u></u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses for the current year or previous year.

IEA ENVIRONMENTAL PROJECTS LTD

**BALANCE SHEET**  
31st March 2003

		31.3.03		31.3.02	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Investments	5		2		2
<b>CURRENT ASSETS:</b>					
Debtors	6	341,143		206,982	
Cash at bank and in hand		1,428,157		1,200,406	
		<u>1,769,300</u>		<u>1,407,388</u>	
<b>CREDITORS: Amounts falling due within one year</b>	7	<u>815,176</u>		<u>563,465</u>	
<b>NET CURRENT ASSETS:</b>			<u>954,124</u>		<u>843,923</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			<u>954,126</u>		<u>843,925</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	8		<u>854,126</u>		<u>743,925</u>
			<u>£100,000</u>		<u>£100,000</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	10		<u>100,000</u>		<u>100,000</u>
<b>SHAREHOLDERS' FUNDS:</b>	14		<u>£100,000</u>		<u>£100,000</u>

**ON BEHALF OF THE BOARD:**

.....  
J B Lott - Director

.....  
J M Topper - Director

Approved by the Board on .....

28 January 2004



**IEA ENVIRONMENTAL PROJECTS LTD**

**CASH FLOW STATEMENT  
for the year ended 31st March 2003**

		<u>31.3.03</u>	<u>31.3.02</u>
	Notes	£	£
Net cash inflow from operating activities	1	196,432	1,135,824
Returns on investments and servicing of finance	2	31,319	24,584
Taxation		-	40,000
Capital expenditure and financial investment	2	-	(2)
Increase in cash in the period		<u>£227,751</u>	<u>£1,200,406</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Increase in cash in the period		<u>227,751</u>	<u>1,200,406</u>
Change in net funds resulting from cash flows		<u>227,751</u>	<u>1,200,406</u>
Movement in net funds in the period		<u>227,751</u>	<u>1,200,406</u>
Net funds at 1st April		<u>1,200,406</u>	<u>-</u>
Net funds at 31st March		<u>£1,428,157</u>	<u>£1,200,406</u>

The notes form part of these financial statements

**IEA ENVIRONMENTAL PROJECTS LTD**

**NOTES TO THE CASH FLOW STATEMENT  
for the year ended 31st March 2003**

**1. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>31.3.03</b>	<b>31.3.02</b>
	<b>£</b>	<b>£</b>
Operating loss	<b>(31,319)</b>	<b>(24,584)</b>
Increase in debtors	<b>(134,161)</b>	<b>(106,982)</b>
Increase in creditors	<b>361,912</b>	<b>1,267,390</b>
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b><u>196,432</u></b>	<b><u>1,135,824</u></b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	<b>31.3.03</b>	<b>31.3.02</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	<b>31,319</b>	<b>24,584</b>
	<hr/>	<hr/>
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b><u>31,319</u></b>	<b><u>24,584</u></b>
	<hr/>	<hr/>
<b>Capital expenditure and financial investment</b>		
Cash payments - investmt purch	<b>-</b>	<b>(2)</b>
	<hr/>	<hr/>
<b>Net cash outflow for capital expenditure</b>	<b><u>-</u></b>	<b><u>(2)</u></b>
	<hr/>	<hr/>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 1.4.02</b>	<b>Cash flow</b>	<b>At 31.3.03</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Net cash:</b>			
Cash at bank and in hand	<b>1,200,406</b>	<b>227,751</b>	<b>1,428,157</b>
	<hr/>	<hr/>	<hr/>
	<b>1,200,406</b>	<b>227,751</b>	<b>1,428,157</b>
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b><u>1,200,406</u></b>	<b><u>227,751</u></b>	<b><u>1,428,157</u></b>
	<hr/>	<hr/>	<hr/>
<b>Analysed in Balance Sheet</b>			
Cash at bank and in hand	<b>1,200,406</b>		<b>1,428,157</b>
	<hr/>		<hr/>
	<b>1,200,406</b>		<b>1,428,157</b>
	<hr/>		<hr/>

The notes form part of these financial statements

# IEA ENVIRONMENTAL PROJECTS LTD

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st March 2003

### 1. ACCOUNTING POLICIES

#### Accounting convention

The financial statements of the Company have been prepared under the historical cost convention and in accordance with S226 of, and Schedule 4 to, the Companies Act 1985. The accounts have been prepared in accordance with applicable accounting standards.

The accounts are also prepared in accordance with Article 6 of the Implementing Agreement for the IEA Greenhouse Gas R & D Programme together with any specific instructions as approved by the Executive Committee.

Any capital expenditure in respect of accommodation and equipment is expensed in the year of purchase. This is contrary to the Companies Act 1985 but in accordance with the Implementing Agreement which governs the company's activities.

Funds temporarily surplus to requirements were deposited with the Company's bankers.

#### Turnover

Turnover represents contributions received from member countries and other sales of services, excluding value added tax.

#### Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

#### Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

#### Pensions

The company's parent company operates two defined benefit schemes. Contributions payable for the year are charged to the profit & loss account as incurred.

### 2. STAFF COSTS

	31.3.03	31.3.02
	£	£
Wages and salaries	222,254	143,126
Social security costs	16,244	30,870
Other pension costs	27,662	13,096
	<u>266,160</u>	<u>187,092</u>

The average monthly number of employees during the year was as follows:

	31.3.03	31.3.02
Administration and management	<u>5</u>	<u>5</u>

**IEA ENVIRONMENTAL PROJECTS LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31st March 2003**

**3. OPERATING LOSS**

The operating loss is stated after charging:

	31.3.03	31.3.02
	£	£
Auditors' remuneration	4,000	5,500
Operating lease rentals	<u>4,828</u>	<u>3,367</u>
Directors' emoluments	<u>14,184</u>	<u>8,230</u>

**4. TAXATION**

**Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 31st March 2003 nor for the year ended 31st March 2002.

**5. FIXED ASSET INVESTMENTS**

	£
<b>COST:</b>	
At 1st April 2002	
and 31st March 2003	2
	—
<b>NET BOOK VALUE:</b>	
At 31st March 2003	2
	=
At 31st March 2002	2
	=
	31.3.03
	£
Unlisted investments	<u>2</u>
	=

The Company owns all of the share capital of IEA Coal Research Limited which is incorporated in England and Wales and acts as the operating agent for the IEA Clean Coal Centre.

**6. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	31.3.03	31.3.02
	£	£
Trade debtors	197,602	15,324
Other debtors	6,218	13,683
Owed by group undertakings	<u>137,323</u>	<u>177,975</u>
	<u>341,143</u>	<u>206,982</u>

**IEA ENVIRONMENTAL PROJECTS LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31st March 2003**

**7. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	<b>31.3.03</b>	<b>31.3.02</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>17,536</b>	1,578
Owed to group undertakings	-	72,000
Other creditors	<b>46,936</b>	67,884
Members contributions in excess of immediate requirements	<b>66,350</b>	114,967
Contributions paid in advance	<b>457,548</b>	185,349
Taxation	<b>40,000</b>	40,000
Accrued expenses	<b>186,806</b>	81,687
	<u><b>815,176</b></u>	<u><b>563,465</b></u>

**8. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

The following amounts are held on behalf of contributing members:

	<b>As at 31 March 2003 £</b>	<b>As at 31 March 2002 £</b>
Winding-up fund	<b>333,958</b>	150,048
Members unspent balances	<b>470,167</b>	593,877
	<u><b>854,125</b></u>	<u><b>743,925</b></u>

The winding-up fund relates to the estimate made by the Board of IEA Environmental Projects Ltd of the costs required to wind up the Programme if it came to a halt at 31 March 2003. No agreement has been made, nor are there any plans to wind up the Programme at the present time. The provision is reviewed annually by the Operating Agent and proposed changes are agreed by the Executive Committee.

Members' unspent balances are the sums of money remaining once charges have been made for working capital and other commitments during the year.

**9. OBLIGATIONS UNDER LEASING AGREEMENTS**

The following payments are committed to be paid within one year:

	<b>Operating leases</b>	
	<b>31.3.03</b>	<b>31.3.02</b>
	<b>£</b>	<b>£</b>
Expiring:		
Between one and five years	<u><b>4,828</b></u>	<u><b>4,489</b></u>

**IEA ENVIRONMENTAL PROJECTS LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31st March 2003**

**10. CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.03 £	31.3.02 £
100,000	Ordinary shares	£1	<u>100,000</u>	<u>100,000</u>

**11. PENSION COMMITMENTS**

The company is part of the IMC Group Holdings Ltd group, and participates in two defined benefit pension schemes which are funded independently of the IMC group's finances. Five of the employees of IEA Environmental Projects Ltd are members of these schemes.

The company has been advised by the actuaries to both defined benefit pension schemes that it is not possible to break down the assets and liabilities of these group schemes by each individual employer company to meet the reporting requirements of FRS 17. Details of the overall position of these schemes are disclosed in the financial statements of IMC Group Holdings Ltd.

Contributions amounted to £36,058 and at the year end outstanding contributions amounted to £3,084. Comparative figures are not available but are believed not to be materially different.

**12. ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary of IMC Group Holdings Limited for both the current and previous year. The ultimate parent undertaking and ultimate controlling party is Rio Tinto Plc, a company registered in England and Wales, also for both the current and prior year. The financial statements for Rio Tinto Plc can be obtained from the Secretary, Rio Tinto Plc, 6 St James Square, London SW1Y 4LD.

**13. RELATED PARTY DISCLOSURES**

The company made sales to IEA Coal Research Ltd, its subsidiary during the year of £28,195 and was recharged by this company for services of £253,683. Comparative figures for the prior year are not available.

There were no other material related party transactions during the year.

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.3.03 £	31.3.02 £
Profit for the financial year	-	-
Opening shareholders' funds	<u>100,000</u>	<u>100,000</u>
Closing shareholders' funds	<u>100,000</u>	<u>100,000</u>
Equity interests	<u>100,000</u>	<u>100,000</u>