

**Sibelco (UK) Limited**

**Directors' report and financial statements**

31 December 2006

02624570 (England and Wales)

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## **Directors' report and financial statements**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

### **Principal activities**

The company's principal activity will continue to be the utilisation of land

### **Business review**

Income received amounts to £118,947 (2005 £125,011) The Company's results show a loss after tax of £25,715 (2005 £31,386)

### **Results and dividends**

The results for the year are set out on page 7

### **Directors and directors' interests**

The directors who have held office during the year have as follows

A Speeckaert  
G Hillebrand (resigned 31 December 2006)

The directors have no beneficial interests in the shares of this company or any group company

### **Auditors**

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG LLP as auditors of the company, is to be proposed at the forthcoming Annual General Meeting

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board 23/10/07

  
A Speeckaert  
Director

Brookside Hall  
Congleton Road  
Sandbach  
Cheshire  
CW11 4TF

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the Directors' Report and 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 IFRSs as adopted by the EU and applicable laws.

The financial statements are required by law to present fairly the financial position of the company and the performance for that period. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing the financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- 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 its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **KPMG LLP**

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

### **Report of the independent auditors to the members of Sibelco (UK) Limited**

We have audited the financial statements of Sibelco (UK) Limited for the year ended 31 December 2006 which comprise the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Recognised Income and Expense, and the related notes. 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 auditor's 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 Directors' Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 4.

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 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 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.

**Report of the independent auditors to the members of Sibelco (UK) Limited**  
*(continued)*

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2006 and of its loss 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

*KPMG LLP*

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

*23 October 2007*

## Income statement

for the year ended 31 December 2006

|                          | Note | 2006<br>£              | 2005<br>£              |
|--------------------------|------|------------------------|------------------------|
| <b>Revenue</b>           | 2    | <b>118,947</b>         | <b>125,011</b>         |
| Cost of sales            |      | <u>(62,938)</u>        | <u>(86,055)</u>        |
| <b>Gross profit</b>      |      | <b>56,009</b>          | <b>38,956</b>          |
| Administrative expenses  |      | <u>(35,911)</u>        | <u>(24,310)</u>        |
| <b>Operating profit</b>  | 3    | <b>20,098</b>          | <b>14,646</b>          |
| Financial income         | 5    | -                      | 36                     |
| Financial expenses       | 6    | <u>(45,813)</u>        | <u>(46,068)</u>        |
| <b>Loss before tax</b>   |      | <b>(25,715)</b>        | <b>(31,386)</b>        |
| Taxation                 | 7    | <u>-</u>               | <u>-</u>               |
| <b>Loss for the year</b> | 13   | <b><u>(25,715)</u></b> | <b><u>(31,386)</u></b> |

**Statement of recognised income and expense**  
 for the year ended 31 December 2006

|  | <i>Note</i> | 2006<br>£       | 2005<br>£       |
|--|-------------|-----------------|-----------------|
| Loss for the year                                      |             | (25,715)        | (31,386)        |
| <b>Total recognised income and expense</b>             | <b>13</b>   | <b>(25,715)</b> | <b>(31,386)</b> |
| Total recognised income and expense is attributable to |             |                 |                 |
| Equity shareholders                                    | <b>14</b>   | <b>(25,715)</b> | <b>(31,386)</b> |

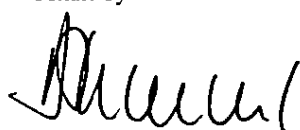


**Balance sheet**  
 at 31 December 2006

|  | Note | 2006           |                | 2005             |                  |
|--|------|----------------|----------------|------------------|------------------|
|  |      | £              | £              | £                | £                |
| <b>Non-current assets</b>                    |      |                |                |                  |                  |
| Property, plant and equipment                | 8    |                | 1,803,059      |                  | 1,810,153        |
| <b>Current assets</b>                        |      |                |                |                  |                  |
| Trade and other receivables                  | 9    | 20,894         |                | 42,726           |                  |
| Cash and cash equivalents                    |      | 28,486         |                | 30,127           |                  |
|  |      | <u>49,380</u>  |                | <u>72,853</u>    |                  |
| <b>Current liabilities</b>                   | 10   | (14,038)       |                | (18,890)         |                  |
| <b>Net current assets</b>                    |      |                | 35,342         |                  | 53,963           |
| <b>Total assets less current liabilities</b> |      |                | 1,838,401      |                  | 1,864,116        |
| <b>Non-current liabilities</b>               | 11   | (859,999)      |                | (859,999)        |                  |
| <b>Net assets</b>                            |      |                | <u>978,402</u> |                  | <u>1,004,117</u> |
| <b>Equity</b>                                |      |                |                |                  |                  |
| Share capital                                | 12   | 1,100,000      |                | 1,100,000        |                  |
| Profit and loss account                      | 13   | (121,598)      |                | (95,883)         |                  |
| <b>Total equity</b>                          | 14   | <u>978,402</u> |                | <u>1,004,117</u> |                  |

These financial statements were approved by the board of directors on behalf by

23/10/2007 and were signed on its



A Speeckaert  
 Director

**Cash flow statement**  
 for year ended 31 December 2006

|  | <i>Note</i> | <b>2006</b><br>£ | <b>2005</b><br>£ |
|--|-------------|------------------|------------------|
| <b>Cash flows from operating activities</b>                              |             |                  |                  |
| Loss before tax  |             | (25,715)         | (31,386)         |
| <i>Adjustments for</i>   |             |                  |                  |
| Depreciation   | 8           | 14,889           | 14,499           |
| Financial income   |             | -                | (36)             |
| Financial expense  |             | 45,813           | 46,068           |
|  |             | <hr/>            | <hr/>            |
| <b>Operating profit before changes in working capital and provisions</b> |             | <b>34,987</b>    | <b>29,145</b>    |
| Decrease/(increase) in trade and other receivables                       |             | 21,832           | (2,124)          |
| Decrease in trade and other payables                                     |             | (4,852)          | (4,252)          |
|  |             | <hr/>            | <hr/>            |
| <b>Net cash from operating activities</b>                                |             | <b>51,967</b>    | <b>22,769</b>    |
|  |             | <hr/>            | <hr/>            |
| <b>Cash flows from investing activities</b>                              |             |                  |                  |
| Interest received  |             | -                | 36               |
| Acquisition of property, plant and equipment                             | 8           | (7,795)          | (8,394)          |
|  |             | <hr/>            | <hr/>            |
| <b>Net cash from investing activities</b>                                |             | <b>(7,795)</b>   | <b>(8,358)</b>   |
|  |             | <hr/>            | <hr/>            |
| <b>Cash flows from financing activities</b>                              |             |                  |                  |
| Interest paid  | 6           | (45,813)         | (46,068)         |
|  |             | <hr/>            | <hr/>            |
| <b>Net cash from financing activities</b>                                |             | <b>(45,813)</b>  | <b>(46,068)</b>  |
|  |             | <hr/>            | <hr/>            |
| Net decrease in cash and cash equivalents                                |             | (1,641)          | (31,657)         |
| Cash and cash equivalents at 1 January                                   |             | 30,127           | 61,784           |
|  |             | <hr/>            | <hr/>            |
| <b>Cash and cash equivalents at 31 December</b>                          |             | <b>28,486</b>    | <b>30,127</b>    |
|  |             | <hr/>            | <hr/>            |

## Notes

(forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs')

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements

#### *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

|                   |                 |
|-------------------|-----------------|
| Freehold land     | not depreciated |
| Freehold building | 20 years        |

#### *Trade and other receivables*

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows

#### *Expenses*

##### *Net financing costs*

Net financing costs comprise interest payable and interest receivable on funds invested that are recognised in the income statement. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

#### *Revenue*

All revenue and results before taxation are derived from the utilisation of land and the management and development of the estate

## Notes (continued)

(forming part of the financial statements)

### 2 Analysis of revenue

|                    | 2006<br>£      | 2005<br>£      |
|--------------------|----------------|----------------|
| Royalties received | 97,358         | 97,358         |
| Estate income      | 21,589         | 27,653         |
|                    | <u>118,947</u> | <u>125,011</u> |

The company received royalties in respect of rights to mine the land which have yet to be exercised

### 3 Operating profit

|   | 2006<br>£     | 2005<br>£     |
|---|---------------|---------------|
| <i>The following items have been included in arriving at operating profit</i> |               |               |
| Auditors remuneration Audit of these financial statements                     | 4,500         | 4,482         |
| Other services relating to taxation   | 2,538         | 5,329         |
| Depreciation of owned assets  | <u>14,889</u> | <u>14,499</u> |

### 4 Staff numbers and directors' remuneration

The average number of persons employed by the company during the year, analysed by category, was as follows

|             | Number of employees |          |
|-------------|---------------------|----------|
|             | 2006                | 2005     |
| Moor keeper | <u>1</u>            | <u>1</u> |

The directors are remunerated by other companies within the S C R -Sibelco N V group

### 5 Financial income

|               | 2006<br>£ | 2005<br>£ |
|---------------|-----------|-----------|
| Bank interest | <u>-</u>  | <u>36</u> |

### 6 Financial expenses

|  | 2006<br>£     | 2005<br>£     |
|--|---------------|---------------|
| On amounts payable to group undertakings | 45,813        | 45,942        |
| On bank loans and overdrafts             | -             | 126           |
|  | <u>45,813</u> | <u>46,068</u> |

## Notes (continued)

(forming part of the financial statements)

| <b>7 Taxation</b>                              | <b>2006</b>       | <b>2005</b>       |
|--|-------------------|-------------------|
|  | <b>£</b>          | <b>£</b>          |
| <b>Recognised in the income statement</b>      |                   |                   |
| Total tax in income statement                  | -                 | -                 |
|  | <u>          </u> | <u>          </u> |
| <b>Reconciliation of effective tax rate</b>    |                   |                   |
| Loss on ordinary activities before tax         | (25,715)          | (31,386)          |
|  | <u>          </u> | <u>          </u> |
| Tax using UK corporation tax of 30% (2005 30%) | (7,715)           | (9,416)           |
| Non-deductible expenses                        | 4,467             | 4,350             |
| Current year losses                            | 3,248             | 5,066             |
|  | <u>          </u> | <u>          </u> |
| Total tax in income statement                  | -                 | -                 |
|  | <u>          </u> | <u>          </u> |

The company has estimated tax losses of £44,387 (2005 £33,560) available for carry forward against future trading profits

The company has a potential deferred tax asset of £13,316 (2005 £10,068) which has not been recognised in these financial statements on the grounds its recoverability is uncertain

**Notes (continued)**  
 (forming part of the financial statements)

**8 Property, plant and equipment**

|                       | <b>Freehold<br/>Land</b> | <b>Freehold<br/>Buildings</b> | <b>Total</b> |
|-----------------------|--------------------------|-------------------------------|--------------|
|                       | <b>£</b>                 | <b>£</b>                      | <b>£</b>     |
| <i>Cost</i>           |                          |                               |              |
| At 1 January 2005     | 1,672,258                | 272,000                       | 1,944,258    |
| Additions             | -                        | 8,394                         | 8,394        |
| At 31 December 2005   | 1,672,258                | 280,394                       | 1,952,652    |
| At 1 January 2006     | 1,672,258                | 280,394                       | 1,952,652    |
| Additions             | -                        | 7,795                         | 7,795        |
| At 31 December 2006   | 1,672,258                | 288,189                       | 1,960,447    |
| <i>Depreciation</i>   |                          |                               |              |
| At 1 January 2005     | -                        | 128,000                       | 128,000      |
| Charge for year       | -                        | 14,499                        | 14,499       |
| At 31 December 2005   | -                        | 142,499                       | 142,499      |
| At 1 January 2006     | -                        | 142,499                       | 142,499      |
| Charge for year       | -                        | 14,889                        | 14,889       |
| At 31 December 2006   | -                        | 157,388                       | 157,388      |
| <i>Net book value</i> |                          |                               |              |
| At 31 December 2005   | 1,672,258                | 144,000                       | 1,816,258    |
| At 31 December 2005   | 1,672,258                | 137,895                       | 1,810,153    |
| At 31 December 2006   | 1,672,258                | 130,801                       | 1,803,059    |

The rights to minerals are assigned to a third party on a 25 year lease from 1985 with a renewal option

| <b>9 Trade and other receivables</b> | <b>2006</b>   | <b>2005</b>   |
|--------------------------------------|---------------|---------------|
|                                      | <b>£</b>      | <b>£</b>      |
| Trade receivables                    | 10,833        | 18,412        |
| Amounts due from group undertakings  | 10,061        | -             |
| Prepayments and accrued income       | -             | 24,314        |
|                                      | <b>20,894</b> | <b>42,726</b> |

**Notes (continued)**  
*(forming part of the financial statements)*

**10 Trade and other payables: amounts falling due within one year**

|                                   | 2006<br>£     | 2005<br>£     |
|-----------------------------------|---------------|---------------|
| Amounts due to group undertakings | -             | 1,193         |
| Accruals and deferred income      | 14,038        | 17,697        |
|                                   | <u>14,038</u> | <u>18,890</u> |

**11 Trade and other payables: amounts falling due after more than one year**

|                                   | 2006<br>£      | 2005<br>£      |
|-----------------------------------|----------------|----------------|
| Amounts due to group undertakings | 859,999        | 859,999        |
|                                   | <u>859,999</u> | <u>859,999</u> |

The amounts owed to group undertakings are unsecured. While the repayment is after one year, no specific repayment dates have been fixed. The parent company has confirmed that it will not seek repayment of this loan for 12 months from the balance sheet date.

**12 Share capital**

|   | 2006<br>£        | 2005<br>£        |
|---|------------------|------------------|
| <i>Authorised</i>                           |                  |                  |
| Equity 1,100,000 Ordinary shares of £1 each | <u>1,100,000</u> | <u>1,100,000</u> |
| <i>Allotted, called up and fully paid</i>   |                  |                  |
| Equity 1,100,000 Ordinary shares of £1 each | <u>1,100,000</u> | <u>1,100,000</u> |

**13 Reserves**

|                             | Profit and<br>loss<br>£ |
|-----------------------------|-------------------------|
| Balance at 1 January 2006   | (95,883)                |
| Loss for the year           | (25,715)                |
| Balance at 31 December 2006 | <u>(121,598)</u>        |

## **Notes (continued)**

*(forming part of the financial statements)*

### **14 Reconciliation of movements in shareholders' funds**

|                             | 2006        | 2005        |
|-----------------------------|-------------|-------------|
|                             | £           | £           |
| Loss for the year           | (25,715)    | (31,386)    |
| Opening shareholders' funds | 1,004,117   | 1,035,503   |
|                             | <hr/>       | <hr/>       |
| Closing shareholders' funds | 978,402     | 1,004,117   |
|                             | <hr/> <hr/> | <hr/> <hr/> |

### **15 Ultimate parent company**

The ultimate controlling party is S C R -Sibelco N V incorporated in Belgium of which Sibelco (UK) Limited is a subsidiary

The smallest and largest group in which the results of the company are consolidated is that headed by this company. The consolidated accounts of the group are available to the public and may be obtained from Brookside Hall, Congleton Road, Cheshire, CW11 4TF

### **16 Subsequent events**

#### *Tax rate changes*

It was announced in the recent budget that the Corporation Tax rate will change from 30% to 28%, from 1 April 2008. The new rate is not applicable to deferred tax accounting under IAS 12 until the 2007 Finance Act Bill was passed on 26 June 2007. Hence it has no impact on these accounts.