

0296 4 680

CRE GROUP LIMITED

ANNUAL REPORT

**YEAR ENDED
31 MARCH 2006**



A17
COMPANIES HOUSE

ABHIIUE

16
15/09/2006

CRE GROUP LIMITED

Company Number: 02924220

ANNUAL REPORT

YEAR ENDED 31 MARCH 2006

CRE GROUP LIMITED

COMPANY INFORMATION

Directors	J B Lott DRT Waring A Riby
Secretary	D Watson
Company Number	02924220
Registered Office	PO Box 18 Mill Lane Huthwaite Nottinghamshire NG17 2NS
Auditors	PKF (UK) LLP Regent House Clinton Avenue Nottingham NG5 1AZ

CRE GROUP LIMITED

CONTENTS

	<i>Page</i>
DIRECTORS' REPORT	1 - 2
STATEMENT OF DIRECTORS' RESPONSIBILITIES	3
INDEPENDENT AUDITORS' REPORT	4 - 5
PROFIT AND LOSS ACCOUNT	6
BALANCE SHEET	7
CASH FLOW STATEMENT	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 13

CRE GROUP LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2006

The directors submit their report and the financial statements for the year ended 31 March 2006.

Results

The loss for the year, after taxation, amounted to **£57,000** (2005 - £53,000).

Going concern review

The directors have undertaken a review of the business to establish that the going concern basis continues to be appropriate. This included reviews of the forecasted profit and loss accounts, balance sheets and cash flows for the year ended 31 March 2007 and beyond.

The company uses a current bank account to meet its day to day working capital requirements. There is no agreed facility on this account as additional funding is provided, as and when required, by IMC Group Holdings Limited, a related company and IMC Group Enterprises Limited, the ultimate parent company. The directors have received assurances from IMC Group Holdings Limited and IMC Group Enterprises Limited that both companies will continue to support the company for a period of twelve months from the date of signing the financial statements for the year ended 31 March 2006.

Taking the above matters into consideration, the directors are of the opinion that the accounts should be drawn up on a going concern basis.

Principal activity and review of the business

The company acts as a property company, receiving rentals for its leasehold premises at Stoke Orchard.

Future developments

The directors will continue to review the performance of the company and minimise the losses.

Directors

The directors who served during the year were:

J B Lott
DRT Waring
A Riby

The interests of the directors in the share capital of the ultimate parent company are disclosed in those accounts.

Financial risk management

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

Disclosure of information to auditors

The directors have taken all appropriate steps to make themselves aware of all information relevant to the audit, and to establish that the company's auditors are aware of that information. To the best of their knowledge, there is no relevant audit information of which the company's auditors are unaware.

CRE GROUP LIMITED
DIRECTORS' REPORT (continued)
YEAR ENDED 31 MARCH 2006

Auditors

A resolution for the re-appointment of PKF (UK) LLP as auditor of the company is to be proposed at the Annual General Meeting.

By order of the board



D Watson
Secretary

15 August 2006

CRE GROUP LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 judgments and estimates that are reasonable and prudent;
- state whether applicable 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 which 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRE GROUP LIMITED

We have audited the financial statements of CRE Group Limited for the year ended 31 March 2006 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The 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 annual report and 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 have been properly prepared in accordance with the Companies Act 1985. We also 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.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CRE GROUP LIMITED (continued)**

Opinion

In our opinion:

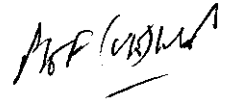
. the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss for the year then ended;

. 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.

Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 (a) to the financial statements concerning the uncertainty over the going concern basis in the preparation of the financial statements. In view of the significance of this uncertainty we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.



Nottingham, UK
16 August 2006

PKF (UK) LLP
Registered Auditors

CRE GROUP LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2006

	Notes	2006 £000	2005 £000
TURNOVER	2	120	115
Administrative expenses	2	(206)	(188)
OPERATING LOSS	3	(86)	(73)
Interest receivable		-	1
Interest payable	4	-	(1)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(86)	(73)
TAXATION	5	29	20
LOSS FOR THE FINANCIAL YEAR		(57)	(53)

All amounts relate to continuing operations.

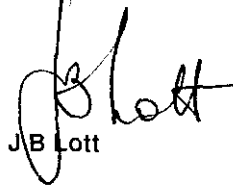
There were no recognised gains or losses for the year other than those included in the profit and loss account.

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.

CRE GROUP LIMITED
BALANCE SHEET
31 MARCH 2006

	Notes	2006 £000	2005 £000
CURRENT ASSETS			
Debtors	6	136	85
Cash at bank and in hand		27	212
		<u>163</u>	<u>297</u>
CREDITORS: amounts falling due within one year	7	(80)	(157)
NET CURRENT ASSETS		<u>83</u>	<u>140</u>
CAPITAL AND RESERVES			
Capital redemption reserve		399	399
Profit and loss account	9	(316)	(259)
SHAREHOLDERS' FUNDS	10	<u>83</u>	<u>140</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 August 2006



J.B. Lott

Director

CRE GROUP LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2006

	2006 £000	2005 £000
Reconciliation of operating loss to net cash (outflow)/inflow from operating activities		
Operating loss	(86)	(73)
(Increase)/decrease in debtors	(44)	130
(Decrease)/increase in creditors	(76)	60
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(206)	117
	<hr/>	<hr/>
 CASH FLOW STATEMENT		
Net cash (outflow)/inflow from operating activities	(206)	117
Taxation	21	(110)
	<hr/>	<hr/>
(Decrease)/increase in cash	(185)	7
	<hr/>	<hr/>
 Reconciliation of net cash flow to movement in net funds (note 11)		
(Decrease)/increase in cash in the year	(185)	7
Net funds at 1 April 2005	212	205
	<hr/>	<hr/>
Net funds at 31 March 2006	27	212
	<hr/>	<hr/>

CRE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

The directors have undertaken a review of the business to establish that the going concern basis continues to be appropriate. This included reviews of the forecasted profit and loss accounts, balance sheets and cash flows for the year ended 31 March 2007 and beyond.

The company uses a current bank account to meet its day to day working capital requirements. There is no agreed facility on this account as additional funding is provided, as and when required, by IMC Group Holdings Limited, a related company and IMC Group Enterprises Limited, the ultimate parent company. The directors have received assurances from IMC Group Holdings Limited and IMC Group Enterprises Limited that both companies will continue to support the company for a period of twelve months from the date of signing the financial statements for the year ended 31 March 2006.

Taking the above matters into consideration the directors are of the opinion that the accounts should be drawn up on a going concern basis.

(b) Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding value added tax.

(c) Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of the leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

(d) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year, except where the transactions are covered by forward exchange contracts, when the contracted rate is used. All exchange differences are dealt with in the profit and loss account.

(e) Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is recognised, without discounting, in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 TURNOVER

Turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

CRE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

3 OPERATING LOSS

The operating loss is stated after charging:

	2006 £000	2005 £000
Audit fees	1	1
Operating lease rentals:		
Property	63	70
	<u>64</u>	<u>71</u>

No directors received any emoluments (2005 - £NIL).

4 INTEREST PAYABLE

	2006 £000	2005 £000
Other loans	-	1
	<u>-</u>	<u>1</u>

5 TAXATION

(a) Analysis of charge in year

	2006 £000	2005 £000
UK corporation tax		
Current tax on income for the year	(29)	(21)
Adjustments in respect of prior periods	-	1
	<u>(29)</u>	<u>(20)</u>
Tax on profit on ordinary activities	<u>(29)</u>	<u>(20)</u>

(b) Factors affecting the tax charge for the year

The tax assessed for the year does not reflect a credit equivalent to the loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2006 £000	2005 £000
Loss on ordinary activities before tax	(86)	(73)
	<u>(86)</u>	<u>(73)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax of 30% (2005: 30%)	(26)	(22)
Effects of:		
Expenditure not deductible	(3)	1
Prior year adjustment	-	1
	<u>(29)</u>	<u>(20)</u>
Current tax credit for the year	<u>(29)</u>	<u>(20)</u>

There is an unrecognised deferred tax asset of £10,000 (2005: £13,000) arising from the tax written down value of fixed assets exceeding the net book amount shown in the financial statements. The recovery of the deferred tax asset is dependant on the levels of future profit, capital expenditure and the ability to surrender tax losses to other group companies.

CRE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

6 DEBTORS

	2006 £000	2005 £000
Due within one year		
Trade debtors	21	-
Amounts due from group undertakings	62	14
Amounts due from undertakings in which the company has a participating interest	4	12
Other debtors	28	22
Prepayments & accrued income	21	37
	<u>136</u>	<u>85</u>

7 CREDITORS

	2006 £000	2005 £000
Amounts falling due within one year		
Trade creditors	59	38
Amounts owed to group undertakings	-	110
Other tax and social security	4	-
Other creditors	2	2
Accruals and deferred income	15	7
	<u>80</u>	<u>157</u>

8 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	£
At 1 April 2005 and 31 March 2006 Ordinary £1 Shares	100	100	100

9 RESERVES

	£000
Profit and loss account	
At 1 April 2005	(259)
Loss for the year	(57)
	<u>(316)</u>
At 31 March 2006	<u>(316)</u>

CRE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

10 SHAREHOLDERS' FUNDS

	2006 £000	2005 £000
Shareholders' funds at 1 April 2005	140	193
Loss for the year	(57)	(53)
	<u>83</u>	<u>140</u>
Shareholders' funds at 31 March 2006	<u><u>83</u></u>	<u><u>140</u></u>

11 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2005 £000	Cash flows £000	At 31 March 2006 £000
Cash at bank and in hand	212	(185)	27
	<u>212</u>	<u>(185)</u>	<u>27</u>
Total	<u><u>212</u></u>	<u><u>(185)</u></u>	<u><u>27</u></u>

12 OTHER COMMITMENTS

At 31 March 2006 the company had annual commitments under operating leases as follows:

	Land and buildings 2006 £000	2005 £000
Expiry date:		
Within one year	-	70
	<u>-</u>	<u>70</u>

13 CONTINGENT LIABILITIES

The bank holds cross guarantees over the indebtedness of all IMC group companies. There were no amounts outstanding under these guarantees at either year end.

Under the sale agreement of an associated company, a number of contractual and financial obligations were passed to the succeeding shareholders. Whilst this is considered unlikely, should that party be unable to honour those obligations, then any shortfall to the parties involved as sub-contractors may subsequently fall to the company. The value of any such shortfall is unknown.

14 TRANSACTIONS WITH RELATED PARTIES

Included in sales is £83,000 (2005 £85,000) relating to rent payable by Gastec at CRE Limited, a joint venture of the parent company. At the year end £4,000 (2005: £10,000) was outstanding and included in debtors.

In addition, at the year end amounts due from IMC Group Holdings Limited in respect of an interest free loan were £62,000 (2005: £109,000 due to IMC Group Holdings).

CRE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2006

15 PENSION COSTS

The company has no employees but retains obligations to its former employees who are deferred pensioners in the Industry Wide Coal Staff Superannuation Scheme (IWCSSS).

At 31 March 2005, there were two defined benefit schemes which were closed to new members

Rio Tinto Pension Fund

On 31 March 2005 all active members of the scheme transferred to deferred membership of the scheme. The company has no liability in respect of the Rio Tinto Pension Fund and accordingly no disclosures have been made under SSAP 24 or FRS 17.

Industry Wide Coal Staff Superannuation Scheme (IWCSSS)

The IWCSSS is a group scheme. Rio Tinto plc has agreed to indemnify the company against any liabilities arising from the scheme. Accordingly no disclosures have been made under SSAP 24 or FRS 17.

16 CONTROLLING PARTIES

The company is controlled by IMC Group Holdings Limited.

IMC Group Holdings Limited is ultimately controlled by IMC Group Enterprises Limited.