



**GOITRE TOWER ANTHRACITE LIMITED**

**Report and Financial Statements**

**31 December 2001**



**Deloitte & Touche  
Blenheim House  
Fitzalan Court  
Newport Road  
Cardiff  
CF24 0TS**

**REPORT AND FINANCIAL STATEMENTS 2001**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Chairman's statement</b>	<b>2</b>
<b>Directors' report</b>	<b>3</b>
<b>Statement of directors' responsibilities</b>	<b>5</b>
<b>Independent auditors' report</b>	<b>6</b>
<b>Consolidated profit and loss account</b>	<b>7</b>
<b>Consolidated balance sheet</b>	<b>8</b>
<b>Company balance sheet</b>	<b>9</b>
<b>Consolidated cash flow statement</b>	<b>10</b>
<b>Notes to the accounts</b>	<b>11</b>

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

G N Davies  
T O'Sullivan OBE (Chairman)  
P J White (resigned 1 August 2001)  
K Davies  
J Davies  
R D Davies  
G R Davies (appointed 1 August 2001)  
T B Roberts OBE (non executive)  
B Morgan (appointed 1 February 2002)  
C L Jones OBE (non executive) (resigned 3 May 2001)

**SECRETARY**

K Davies

**REGISTERED OFFICE**

Treherbert Road  
Hirwaun  
Aberdare  
Mid Glamorgan  
CF44 9UF

**BANKERS**

Barclays Bank Plc  
National Westminster Bank Plc

**SOLICITORS**

Morgan Cole  
Edwards Geldard

**AUDITORS**

Deloitte & Touche  
Blenheim House  
Fitzalan Court  
Newport Road  
Cardiff  
CF24 0TS

## CHAIRMAN'S STATEMENT

It is pleasing to report that the accounts for 2001 reflect an improvement in both sales and profitability. The year was, however, very much a "year of two halves". During the first six months we achieved excellent output and sales. Thereafter, difficult mining conditions affected output and the mild weather depressed demand for "products" during much of the winter period.

The new three-year contract with Innogy has run smoothly and our "blend" has worked well at Aberthaw, with whom we meet on a regular basis.

We continued our major programme of development during 2001, completing further lateral driveage to access the next working panel (V49), which is scheduled to take over from V47 in March 2003. In the meanwhile, we continue to update and review our five-year rolling programme.

Our discussions with the DTI have again been successful and we anticipate receiving a subsidy for last year of £3m, which is reflected in the accounts.

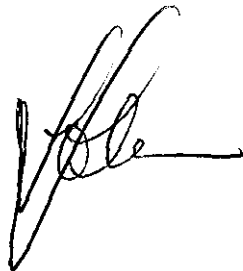
The year has been a difficult one "commercially" with the collapse of Independent Insurance as a result of which insurance costs have more than doubled in the mining industry. This is an ongoing concern.

We continue to maintain an excellent safety record and this must remain at the top of all our agendas.

2002 is proving to be a challenging year with the market being affected again by imports and falling prices. In order to maintain our position in this competitive market we must look to reduce costs and improve production consistently throughout the year.

I would like to express my thanks to the Board and all of you for your effort and contribution in the past year.

T O'Sullivan  
Chairman

A handwritten signature in black ink, appearing to be 'T O'Sullivan', written over a horizontal line.

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

**ACTIVITIES**

The principal activity of the group is coal mining carried out in Wales.

**REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The results for the year show a substantial improvement on 2000 with turnover exceeding £28m for the first time. This has been achieved against a background of difficult mining conditions and a slowdown in the demand for "coal products".

Development of the lateral and V49 panel continue and are on schedule to take over when V47 is worked out in March of next year. It is hoped that V49 will provide coal through until May/June 2004.

The market for coal is likely to be difficult over the next twelve months with over supply affecting the sale of products. The quality of Tower coal and the service provided to our customers will be vital factors in a year when we will need to maintain if not increase our market share.

We were again successful in negotiating a substantial subsidy for 2001. However, the existing subsidy scheme comes to an end in July and as yet there is no guarantee that it will be replaced.

**DIVIDENDS**

The directors recommend the payment of a dividend of £271,000 (2000 - £271,000).

**DIRECTORS AND THEIR INTERESTS**

The present membership of the Board is set out on page 1.

The directors' interests in the ordinary shares of the company at 31 December 2001 and 31 December 2000 were:

	<b>No. of shares</b>
G N Davies	8,000
T O'Sullivan OBE (Chairman)	8,000
P J White (resigned 1 August 2001)	8,000
K Davies	8,000
J Davies	8,000
R D Davies	8,000
G R Davies (appointed 1 August 2001)	2,111
T B Roberts OBE (non executive)	-
C L Jones OBE (non executive) (resigned 3 May 2001)	8,000

**DIRECTORS' REPORT (continued)**

**DONATIONS**

During the year the group made the following donations:

Charitable purposes £10,480 (2000 - £9,230).

**EMPLOYEES**

The group is aware of the importance of keeping its employees informed on matters which may affect them and has continued its policy in this respect with the production of a company newsletter and regular meetings of shareholder employees.

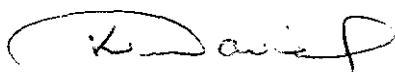
**DISABLED PERSONS**

The group supports the employment of disabled persons wherever possible and by retention of those who become disabled during their employment, and generally through training, career development and promotion.

**AUDITORS**

A resolution for the reappointment of Deloitte & Touche as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board.



K Davies

Secretary

12 June 2002

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 the group as at the end of the financial year and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GOITRE TOWER ANTHRACITE LIMITED**

We have audited the financial statements of Goitre Tower Anthracite Limited for the year ended 31 December 2001 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company and the group 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 and the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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 and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche  
Chartered Accountants and Registered Auditors

12 June 2002



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2001**

	Note	2001 £'000	2000 £'000
<b>TURNOVER: group and share of Joint Venture</b>		29,339	30,140
Less: share of Joint Venture turnover		(1,186)	(5,973)
<b>Group turnover</b>	2	28,153	24,167
Cost of sales		(27,600)	(23,794)
<b>Gross profit</b>		553	373
Administrative expenses		(1,562)	(1,629)
Other operating income	4	3,601	2,716
<b>GROUP OPERATING PROFIT</b>		2,592	1,460
Share of operating profit in Joint Venture		75	301
		2,667	1,761
<b>Interest receivable</b>			
Group		253	189
Joint Venture		3	20
		256	209
<b>Interest payable and similar charges</b>			
Group		(164)	(230)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	2,759	1,740
<b>Taxation</b>			
Group		(1,129)	(640)
Joint Venture		(21)	(86)
	7	(1,150)	(726)
Dividends payable	9	(271)	(271)
<b>Retained profit for group and its share of associates and Joint Ventures</b>	18	1,338	743

There are no recognised gains or losses for the current and prior year other than as stated above.

CONSOLIDATED BALANCE SHEET  
31 December 2001

	Note	£'000	2001 £'000	£'000	2000 £'000
<b>FIXED ASSETS</b>					
Tangible assets	10		6,123		7,219
Investments	11		525		50
Investment in Joint Venture:					
Share of gross assets		-		1,116	
Share of gross liabilities		-		(1,065)	
			-		51
			6,648		7,320
<b>CURRENT ASSETS</b>					
Stocks	12	1,404		1,780	
Debtors	13	6,878		7,952	
Cash at bank		5,089		2,637	
		13,371		12,369	
<b>CREDITORS: amounts falling due within one year</b>	14	(5,704)		(6,835)	
<b>NET CURRENT ASSETS</b>			7,667		5,534
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			14,315		12,854
<b>CREDITORS: amounts falling due after more than one year</b>	15		-		(17)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16		(4,039)		(3,899)
<b>TOTAL NET ASSETS</b>			10,276		8,938
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		2,162		2,162
Share premium account	18		223		223
Profit and loss account	18		7,891		6,553
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>			10,276		8,938

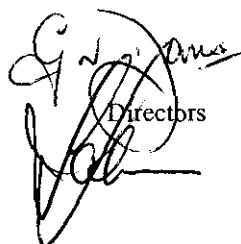
These financial statements were approved by the Board of Directors on 12 June 2002.

Signed on behalf of the Board of Directors

G N Davies )

)

T O'Sullivan OBE )



Directors

COMPANY BALANCE SHEET  
31 December 2001

	Note	2001 £'000	2000 £'000
<b>FIXED ASSETS</b>			
Investments	11	9,200	9,200
<b>CURRENT ASSETS</b>			
Debtors	13		
Due within one year		604	588
Due after one year		912	912
Cash at bank and in hand		169	178
		1,685	1,678
<b>CREDITORS: amounts falling due within one year</b>	14	(2,327)	(2,321)
<b>NET CURRENT LIABILITIES</b>		(642)	(643)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,558	8,557
<b>CREDITORS: amounts falling due after more than one year</b>	15	(6,150)	(6,150)
<b>TOTAL NET ASSETS</b>		2,408	2,407
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	2,162	2,162
Share premium account	18	223	223
Profit and loss account	18	23	22
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		2,408	2,407

These financial statements were approved by the Board of Directors on 12<sup>th</sup> June 2002 .

Signed on behalf of the Board of Directors

G N Davies )

T O'Sullivan OBE )

*G N Davies*  
Directors  
*T O'Sullivan*

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 2001**

	Note	2001 £'000	2000 £'000
Net cash inflow from operating activities	19	6,739	1,207
Dividend received from Joint Venture		57	200
<b>Returns on investments and servicing of finance</b>			
Interest received	253	189	
Interest paid	-	(27)	
Interest element of finance lease rental payments	(164)	(203)	
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>		89	(41)
<b>Taxation</b>			
UK corporation tax (paid)/received (including advance corporation tax)	(800)	34	
<b>Tax (paid)/received</b>		(800)	34
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	(1,667)	(1,133)	
Payments to acquire own shares	(375)	-	
<b>Net cash outflow from capital expenditure and financial investment</b>		(2,042)	(1,133)
<b>Acquisitions and disposals</b>			
Payment to acquire investments in subsidiaries	(175)	-	
Net cash acquired with subsidiary	243	-	
Purchase of interest in Joint Venture	-	(50)	
<b>Net cash inflow/(outflow) from acquisitions and disposals</b>		68	(50)
<b>Equity dividends paid</b>		(271)	-
<b>Net cash inflow before use of liquid resources and financing</b>		3,840	217
<b>Financing</b>			
Capital element of finance lease rental payments	21	(1,388)	(1,773)
<b>Net cash outflow from financing</b>		(1,388)	(1,773)
<b>Increase/(decrease) in cash</b>	20	2,452	(1,556)

**NOTES TO THE ACCOUNTS****Year ended 31 December 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries, Tower Colliery Limited and Tower Energy Resources Limited. The financial statements of Welsh Dragon Coal Limited have not been consolidated as they are immaterial to the group.

The Joint Venture, Principality Fuel Company Limited, has been excluded from consolidation due to materiality.

**Investments**

Investments held as fixed assets are stated at cost less provision for any impairment.

**Acquisitions**

On the acquisition of a business, fair values are attributed to the group's share of net tangible assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition. Prior to the implementation of FRS 10, purchased goodwill was written off directly to reserves and has not been reinstated.

**Depreciation**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Land and buildings	-	8.33% per annum
Plant and machinery	-	8.33% - 33.33% per annum
Development expenditure	-	Underground development costs of a long-term nature are separately identified and written-off over their expected commercial lives once commissioned.

**Stocks**

Stocks are stated at the lower of cost and net realisable value.

**Insurance receipts**

Insurance receipts are credited against the cost to which they relate.

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

**Restoration expenses**

Provision is made over the working life of coal production sites to cover the costs of progressive and terminal site restoration.

**Pension costs**

Pension costs are charged to the profit and loss account as incurred.

# NOTES TO THE ACCOUNTS

## Year ended 31 December 2001

### 1. ACCOUNTING POLICIES (continued)

#### Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rentals are charged to the profit and loss account in equal amounts over the lease term.

### 2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the group's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit, all of which arise in the United Kingdom, are attributable to one activity.

	2001 £'000	2000 £'000
<b>Turnover comprises:</b>		
Sales to external companies	25,281	13,390
Sales to Joint Venture	1,875	8,984
Sales to non-consolidated subsidiary company	997	938
Insurance proceeds	-	855
	<u>28,153</u>	<u>24,167</u>

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001 £'000	2000 £'000
<b>Directors' emoluments</b>		
Other emoluments (excluding employer's national insurance)	246	241
Pension contributions	9	8
	<u>255</u>	<u>249</u>
	<b>No.</b>	<b>No.</b>
Number of directors who are members of a defined contribution pension scheme	6	5
	<u>£'000</u>	<u>£'000</u>
<b>Highest paid director</b>		
Emoluments	59	57
The highest paid director is not a member of the pension scheme		
<b>Employee costs (including directors)</b>		
Wages and salaries	8,190	7,837
Social security costs	838	782
Other pension costs	468	475
	<u>9,496</u>	<u>9,094</u>
	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed (including directors)</b>		
General administration	25	23
Mining	303	277
	<u>328</u>	<u>300</u>

# NOTES TO THE ACCOUNTS

## Year ended 31 December 2001

### 4. OTHER OPERATING INCOME

In respect of the year 2001 the company has credited a subsidy due from the DTI of £3,601,000 (2000 - £2,716,000) to the profit and loss account. £3,000,000 (2000 - £2,716,000) of this amount is included in debtors.

### 5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £'000	2000 £'000
The profit on ordinary activities before taxation is after charging:		
Auditors' remuneration		
- Audit fees	13	13
- Other services	9	5
Depreciation - owned assets	2,150	1,911
- leased assets	613	1,234
And after crediting:		
Subsidy income	3,601	2,716
	<u>3,601</u>	<u>2,716</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £'000	2000 £'000
Bank loans, overdrafts and other loans repayable within five years	-	27
Finance leases and hire purchase contracts	164	203
	<u>164</u>	<u>230</u>

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £'000	2000 £'000
United Kingdom corporation tax at 30% (2000 - 30%)	1,129	640
Share of Joint Venture	21	86
	<u>1,150</u>	<u>726</u>

The tax charge is high for the year due to unprovided deferred tax.

### 8. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act, the profit and loss account of the parent company is not presented as part of these accounts. The parent company profit for the financial year amounted to £1,000 (2000 - £3,000).

NOTES TO THE ACCOUNTS  
Year ended 31 December 2001

## 9. DIVIDENDS

	2001 £'000	2000 £'000
Final proposed - 12.5p per ordinary share (2000 - 12.5p per ordinary share)	271	271

## 10. TANGIBLE FIXED ASSETS

The Group	Long-term development expenditure £'000	Land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>				
At 1 January 2001	2,886	788	12,668	16,342
Additions	1,273	-	394	1,667
At 31 December 2001	4,159	788	13,062	18,009
<b>Accumulated depreciation</b>				
At 1 January 2001	1,263	292	7,568	9,123
Charge for the year	1,314	57	1,392	2,763
At 31 December 2001	2,577	349	8,960	11,886
<b>Net book value</b>				
At 31 December 2001	1,582	439	4,102	6,123
At 31 December 2000	1,623	496	5,100	7,219

The net book value of the company's plant and machinery includes £213,543 (2000 - £3,506,879) in respect of assets held under finance leases and hire purchase agreements.

## 11. INVESTMENTS

	The Group		The Company	
	Investment in own shares £'000	Shares in subsidiary £'000	Total £'000	Shares in subsidiary £'000
<b>Cost and net book value:</b>				
At 1 January 2001	-	50	50	9,200
Additions	375	100	475	-
At 31 December 2001	375	150	525	9,200

The company has the following wholly owned subsidiaries:

Name	Country of incorporation/ registration and operation	Activity
Goitre Insurance Limited	Guernsey	Insurance
Tower Colliery Limited	England and Wales	Coal Mining
Welsh Dragon Coal Limited	England and Wales	Coal Distribution
Tower Energy Resources Limited	England and Wales	Coal Supplier



## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 11. INVESTMENTS (continued)

## Acquisition

Tower Engery Resources Limited (formerly Tower Westland Coal Limited) was acquired during the year at a cost of £75,000 payable in cash. The fair value, which was equivalent to the book value, of the assets and liabilities was £109,000 resulting in goodwill of £34,000. The goodwill was amortised fully in the year. This company was previously a 50% joint venture operated by Goitre Tower Anthracite Limited and Westland Coal Limited.

During the year the company paid £100,000 to acquire the entire share capital of Goitre Insurance Limited, a captive insurance company incorporated in Guernsey. Goitre Insurance Limited is a dormant company.

These financial statements do not incorporate those of Welsh Dragon Coal Limited because it is immaterial to the group. At 31 December 2001 the capital and reserves of Welsh Dragon Coal Limited amounted to £76,127 (2000 - £62,848) and its profit for the year then ended was £13,279 (2000 - £24,271).

All of the above investments are unlisted.

The company's investment in the Joint Venture, Principality Fuel Company Limited, has not been incorporated under the gross equity method as it is immaterial to the group.

At 31 December 2001 the capital and reserves amounted to £55,473 (2000 - £52,902) and its profit for the year then ended was £2,571 (2000 - £2,902). It is held at cost in the consolidated balance sheet.

The investment in own shares relates to shares in Goitre Tower Anthracite Limited owned by Goitre Tower Anthracite Limited Employees' Trust.

## 12. STOCKS

	The Group 2001 £'000	The Group 2000 £'000
Raw materials and consumables	994	640
Finished goods held for resale	410	1,140
	<u>1,404</u>	<u>1,780</u>

## 13. DEBTORS

	The Group 2001 £'000	The Company 2001 £'000	The Group 2000 £'000	The Company 2000 £'000
Trade debtors	2,957	-	3,119	-
Amounts owed by subsidiary undertaking	584	1,183	793	912
Amounts owed by Joint Venture	-	-	1,167	-
Other debtors	3,086	333	2,757	588
Prepayments and accrued income	251	-	116	-
	<u>6,878</u>	<u>1,516</u>	<u>7,952</u>	<u>1,500</u>

Amounts owed by subsidiary undertaking to the company are due after more than one year.

NOTES TO THE ACCOUNTS  
Year ended 31 December 2001

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group 2001 £'000	The Company 2001 £'000	The Group 2000 £'000	The Company 2000 £'000
Other loans	2,050	2,050	2,050	2,050
Obligations under finance leases and hire purchase contracts	17	-	1,388	-
Trade creditors	1,145	6	1,294	-
Corporation tax	1,268	-	727	-
Other creditors including taxation and social security	727	-	801	-
Accruals and deferred income	226	-	304	-
Dividend payable	271	271	271	271
	<u>5,704</u>	<u>2,327</u>	<u>6,835</u>	<u>2,321</u>
<b>Other creditors including taxation and social security includes:</b>				
Taxation and social security	<u>277</u>	<u>-</u>	<u>642</u>	<u>-</u>

Obligations under finance leases and hire purchase contracts are secured on the related assets.

## 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group 2001 £'000	The Company 2001 £'000	The Group 2000 £'000	The Company 2000 £'000
Amounts owed to subsidiary undertaking	-	6,150	-	6,150
Obligations under finance leases and hire purchase contracts	-	-	17	-
	<u>-</u>	<u>6,150</u>	<u>17</u>	<u>6,150</u>
<b>Analysis of obligations due under finance leases and hire purchase contracts:</b>				
Amounts falling due:				
- Between one and two years	-	-	17	-
- Between two and five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>17</u>	<u>-</u>

NOTES TO THE ACCOUNTS  
Year ended 31 December 2001

## 16. PROVISIONS FOR LIABILITIES AND CHARGES

The Group	At 1 January 2001 £'000	Charged to profit and loss account £'000	At 31 December 2001 £'000
Restoration and subsidence provisions	3,139	-	3,139
Medical claims	760	140	900
	<u>3,899</u>	<u>140</u>	<u>4,039</u>

The amounts of deferred taxation provided and unprovided in the accounts are:

	Provided 2001 £'000	Provided 2000 £'000	Unprovided 2001 £'000	Unprovided 2000 £'000
Capital allowances in excess of depreciation	<u>-</u>	<u>-</u>	<u>75</u>	<u>345</u>

## 17. CALLED UP SHARE CAPITAL

	2001 £'000	2000 £'000
<b>Authorised</b>		
2,600,000 'A' ordinary shares of £1 each	2,600	2,600
1,400,000 'C' ordinary shares of £1 each	<u>1,400</u>	<u>1,400</u>
	<u>4,000</u>	<u>4,000</u>
<b>Allotted, fully paid</b>		
2,041,635 (2000 - 2,041,635) 'A' ordinary shares of £1 each	2,042	2,042
120,000 (2000 - 120,000) 'C' ordinary shares of £1 each	<u>120</u>	<u>120</u>
	<u>2,162</u>	<u>2,162</u>

All ordinary shares have equal rights to dividends and repayment of capital. 'C' ordinary shares have no voting rights.

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Issued share capital £'000	Share premium Account £'000	Profit and loss account £'000	Total 2001 £'000	Total 2000 £'000
<b>The Group</b>					
At beginning of year	2,162	223	6,553	8,938	8,195
Profit attributable to members of the group	-	-	1,338	1,338	743
Issue of shares	-	-	-	-	-
At end of year	<u>2,162</u>	<u>223</u>	<u>7,891</u>	<u>10,276</u>	<u>8,938</u>
<b>The Company</b>					
At beginning of year	2,162	223	22	2,407	2,404
Profit attributable to members of the company	-	-	1	1	3
Issue of shares	-	-	-	-	-
At end of year	<u>2,162</u>	<u>223</u>	<u>23</u>	<u>2,408</u>	<u>2,407</u>

## 19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £'000	2000 £'000
Operating profit	2,592	1,460
Depreciation	2,763	3,145
Amortisation	24	-
Decrease/(increase) in stocks	502	(553)
Decrease/(increase) in debtors	2,741	(4,630)
(Decrease)/increase in creditors	(2,023)	1,025
Increase in provisions	140	760
Net cash inflow from operating activities	<u>6,739</u>	<u>1,207</u>

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£'000	2001 £'000	£'000	2000 £'000
Increase/(decrease) in cash in the year	2,452		(1,556)	
Debt repayments	1,388		1,773	
<b>Movement in net debt in the year</b>		3,840		217
<b>Net debt at 1 January</b>		(818)		(1,035)
<b>Net debt at 31 December</b>		3,022		(818)

## 21. ANALYSIS OF CHANGE IN NET DEBT

	At 1 January 2001 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 December 2001 £'000
Cash at bank and in hand	2,637	2,452	-	5,089
Debt due within one year	(2,050)	-	-	(2,050)
Finance leases	(1,405)	1,388	-	(17)
	(818)	3,840	-	3,022

## 22. CAPITAL COMMITMENTS

	2001 £'000	2000 £'000
Contracted for but not provided	-	142

## 23. PENSIONS

The company operates a defined contribution pension scheme for all qualified employees. The assets of the scheme are held in individually administered funds. The cost of pensions for the company in the year was £468,000 (2000 - £475,000). At 31 December 2001 contributions totalling £nil (2000 - £nil) were payable to the fund and are included in creditors.

## 24. CONTINGENT LIABILITY

The DTI subsidy income referred to in note 4 is in certain circumstances subject to reclaim.