



# REGISTER OF COMPANIES

## **TOWER COLLIERY LIMITED**

### **Report and Financial Statements**

**31 December 1995**

**Deloitte & Touche  
Blenheim House  
Fitzalan Court  
Newport Road  
Cardiff CF2 1TS**





**REPORT AND FINANCIAL STATEMENTS 1995**

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## **REPORT AND FINANCIAL STATEMENTS 1995**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

P G Weekes (Chairman)  
G N Davies  
C L Jones  
T O'Sullivan  
A Shott  
P J White

#### **SECRETARY**

P J White

#### **REGISTERED OFFICE**

Treherbert Road  
Hirwaun  
Aberdare  
Mid Glamorgan  
CF44 9UF

#### **BANKERS**

Barclays Bank plc

#### **SOLICITORS**

Bevan Ashford

#### **AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Blenheim House  
Fitzalan Court  
Newport Road  
Cardiff CF2 1TS

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the thirteen month period ended 31 December 1995.

### **ACTIVITIES**

The company was incorporated on 28 November 1994 and acquired Tower Colliery from the British Coal Corporation. The principal activity of the company is coal mining which commenced on 3 January 1995.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The accounts reflect the excellent progress made during the first year of trading with turnover of £18.6 million based upon saleable tonnage of 450,000 tonnes.

During the year we have developed our sales base with high levels of demand for all of our production.

Development work has progressed well and will be accelerated during 1996 to further improve our long term potential.

Operating costs have been closely controlled and were well within the budgets originally set.

As a result of the excellent performance achieved we were able to restructure repayment of all original bank borrowings and these will be fully repaid in April 1996.

The directors are very pleased to report such impressive results and are optimistic that further progress can be achieved in 1996.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

An interim dividend of £121,750 was paid during the period. The directors recommend the payment of a final dividend of £243,500. After dividends, retained profits of £1,844,000 have been transferred to reserves.

### **FIXED ASSETS**

Fixed assets with a fair value of £11,066,000 were vested in the company from the British Coal Corporation. The company incurred further expenditure of £167,000 on fixed assets during the period.

### **DIRECTORS AND THEIR INTERESTS**

The present membership of the Board is set out on page 1. Messrs P Loughhead and C R Phillips were appointed directors on incorporation and resigned on 22 December 1994. Messrs P G Weekes, G N Davies, C L Jones, T O'Sullivan, A Shott and P J White were appointed directors on 23 December 1994.

The directors' had no interests in the shares of the company throughout the period. Their interests in the shares of the parent company, Goitre Tower Anthracite Limited, are shown in the directors' report of that company.

### **DIRECTORS' AND OFFICERS' LIABILITY**

Directors' and officers' liability insurance has been purchased by the company during the period.

### **DONATIONS**

During the period the company made the following donations:

Charitable purposes - £8,923.

**DIRECTORS' REPORT****EMPLOYEES**

The company 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 company 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**

Touche Ross & Co. were appointed first auditors of the company. On 1 February 1996, Touche Ross & Co. changed the name under which they practise to Deloitte & Touche and, accordingly have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company will be proposed at the forthcoming Annual General Meeting.

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

P J White

Secretary

11 March 1996



## **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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed;
- 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. 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.

By order of the Board

**P J White**

**Secretary**

**11 March 1996**



## Chartered Accountants

Deloitte & Touche  
Blenheim House  
Fitzalan Court  
Newport Road  
Cardiff CF2 1TS

Telephone: National 01222 481111  
International + 44 1222 481111  
Fax (Gp. 3): 01222 482615

## AUDITORS' REPORT TO THE MEMBERS OF TOWER COLLIERY LIMITED

We have audited the financial statements on pages 6 to 13 which have been prepared under the accounting policies set out on page 8.

### Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with 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 at 31 December 1995 and of its profit for the period 28 November 1994 to 31 December 1995 and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche.*

Deloitte & Touche

Chartered Accountants and  
Registered Auditors

12 March 1996

**PROFIT AND LOSS ACCOUNT**  
**Period ended 31 December 1995**

	<b>Note</b>	<b>1995 £'000</b>
<b>TURNOVER: continuing operations</b>	<b>2</b>	<b>18,621</b>
Cost of sales		<u>13,296</u>
<b>GROSS PROFIT</b>		<b>5,325</b>
Administration expenses		<u>(1,346)</u>
<b>OPERATING PROFIT - Continuing operations</b>		<b>3,979</b>
Interest receivable and similar income		124
Interest payable and similar charges	<b>5</b>	<u>(40)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>4</b>	<b>4,063</b>
Taxation on profit on ordinary activities	<b>6</b>	<u>(1,853)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>2,210</b>
Dividends	<b>7</b>	<u>(366)</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>1,844</u></b>

There are no recognised gains or losses other than as stated above.

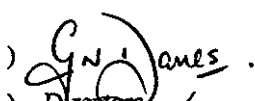



**BALANCE SHEET**  
**31 December 1995**

	Note	1995 £'000	1995 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8		9,979
<b>CURRENT ASSETS</b>			
Stocks	9	1,235	
Debtors	10	4,205	
Cash at bank and in hand		3,625	
		<u>9,065</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	<u>(4,263)</u>	
<b>NET CURRENT ASSETS</b>			<u>4,802</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>14,781</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	12		(911)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	13		<u>(2,826)</u>
<b>TOTAL NET ASSETS</b>			<u><u>11,044</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14		-
Other reserves	15		9,200
Profit and loss account	15		<u>1,844</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>			<u><u>11,044</u></u>

These financial statements were approved by the Board of Directors on 11 March 1996.

Signed on behalf of the Board of Directors

G N Davies )   
 ) Directors  
 C L Jones ) 

**NOTES TO THE ACCOUNTS**  
**Period ended 31 December 1995**

**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.

**Land and buildings**

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

**Stocks**

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

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on 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.

**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 profit and loss account in equal amounts over the lease term.

**Cash flow statement**

The company is not presenting a cash flow statement. It is taking advantage of the exemption contained in FRS1 as the parent company, Goitre Tower Anthracite Limited, has included a consolidated cash flow statement in the group accounts.

**2. TURNOVER**

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

**NOTES TO THE ACCOUNTS**  
**Period ended 31 December 1995**

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	<b>1995</b> <b>£'000</b>
<b>Directors' emoluments</b>	
Other emoluments (including employers' national insurance)	209
Pension contributions	2
	<u>211</u>
Remuneration of chairman	<u>3</u>
Remuneration of highest paid director	<u>45</u>
<b>Scale of other directors' remuneration</b>	<b>No.</b>
£ 0 - £ 5,000	2
£30,001 - £35,000	1
£35,001 - £40,000	1
£40,001 - £45,000	2
	<u>6</u>
<b>Employee costs (including directors):</b>	<b>£'000</b>
Wages and salaries	5,023
Social security costs	421
Other pension costs	175
	<u>5,619</u>
<b>Average number of persons employed (including directors)</b>	<b>No.</b>
General administration	17
Mining	229
	<u>246</u>

**4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>1995</b> <b>£'000</b>
The profit on ordinary activities before taxation is after charging:	
Auditors' remuneration	
- Audit fees	12
- Other services	3
Depreciation - owned assets	1,249
- leased assets	5
Hire of plant and machinery	<u>739</u>

**NOTES TO THE ACCOUNTS**  
**Period ended 31 December 1995**

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>1995</b> <b>£'000</b>
Bank loans, overdrafts and other loans repayable within five years	29
Finance leases and hire purchase contracts	6
Other loans	5
	<hr/> 40 <hr/>

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>1995</b> <b>£'000</b>
United Kingdom corporation tax at 33% based on the profit for the period	1,853
	<hr/> 1,853 <hr/>

**7. DIVIDENDS**

	<b>1995</b> <b>£'000</b>
Interim paid	122
Final proposed	244
	<hr/> 366 <hr/>


**NOTES TO THE ACCOUNTS**  
**Period ended 31 December 1995**
**8. TANGIBLE FIXED ASSETS**

	<b>Land and buildings £'000</b>	<b>Plant and machinery £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
Additions	423	10,810	11,233
Disposals	-	-	-
At 31 December 1995	423	10,810	11,233
<b>Accumulated depreciation</b>			
Charge for the year	35	1,219	1,254
Disposals	-	-	-
At 31 December 1995	35	1,219	1,254
<b>Net book value</b>			
At 31 December 1995	388	9,591	9,979

The net book value of the company's plant and machinery includes £50,000 in respect of assets held under finance lease and hire purchase agreements.

**9. STOCKS**

	<b>1995 £'000</b>
Raw materials and consumables	1,044
Finished goods held for resale	191
	<u>1,235</u>

**10. DEBTORS**

	<b>1995 £'000</b>
Trade debtors	3,776
Other debtors	61
Prepayments and accrued income	368
	<u>4,205</u>


**NOTES TO THE ACCOUNTS**  
**Period ended 31 December 1995**
**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1995 £'000
Bank loan (secured)	168
Obligations under finance leases and hire purchase contracts	37
Trade creditors	1,194
Other creditors including taxation and social security	2,531
Accruals and deferred income	89
Proposed dividend	244
	<u>4,263</u>
<b>This heading includes</b>	
Taxation and social security	<u>2,392</u>

The bank loan is secured by a fixed and floating charge over the assets of the company.

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

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

	1995 £'000
Amounts due to parent company	<u>911</u>

**13. PROVISIONS FOR LIABILITIES AND CHARGES**

	On acquisition of business £'000	Charged to profit and loss account £'000	Applied £'000	At 31 December 1995 £'000
Restoration and subsidence provisions	<u>2,616</u>	<u>211</u>	<u>-</u>	<u>2,826</u>

There is no deferred taxation provided or unprovided in the accounts.


**NOTES TO THE ACCOUNTS**  
**Period ended 31 December 1995**
**14. CALLED UP SHARE CAPITAL**

	1995 £
<b>Authorised</b>	
100,000 ordinary shares of £1 each	100,000
<b>Allotted, fully paid</b>	
1 ordinary share of £1	1

The share was issued for cash at par on incorporation.

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES**

	Issued share capital £'000	Other reserves £'000	Profit and loss account £'000	Total 1995 £'000
At beginning of period	-	-	-	-
Fair value adjustment	-	9,200	-	9,200
Profit attributable to members of the company	-	-	2,210	2,210
Dividends	-	-	(366)	(366)
At end of period	-	9,200	1,844	11,044

Other reserves represent £2,000,000 of undistributable reserves, and £7,200,000 of distributable reserves.

**16. CAPITAL COMMITMENTS**

	1995 £'000
Contracted for but not provided	-
Authorised for but not yet contracted for	1,250

**17. 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 period was £175,000. At 31 December 1995 contributions totalling £48,000 were payable to the fund and are included in creditors.

**18. PARENT COMPANY**

The company's ultimate parent company is Goitre Tower Anthracite Limited, a company registered in England and Wales.

Copies of the financial statements of Goitre Tower Anthracite Limited are available from Companies House, Crown Way, Maindy, Cardiff.