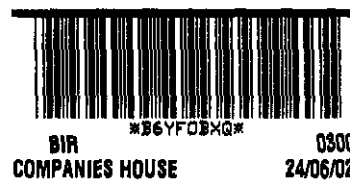


# Heidelberger Fuels Limited

## Report and Financial Statements

31 December 2001

*Registered Number: 3568686*



# Heidelberger Fuels Limited

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Registered No. 3568686

## **DIRECTORS**

R A S Clayton  
E H G Ericsson  
P W Weller  
C H S J Meyers  
B E Ahlkvist  
D J Carr  
S Hansen  
A O Erdem  
V Schneider  
A Van Steenberge

## **SECRETARY**

D J Carr

## **AUDITORS**

Ernst & Young LLP  
One Colmore Row  
Birmingham  
B3 2DB

## **REGISTERED OFFICE**

10<sup>th</sup> Floor West  
Bowater House  
68-114 Knightsbridge  
London  
SW1X 7LT

# Heidelberger Fuels Limited

## DIRECTORS REPORT

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

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activities of the company are the purchase and sale of coal and petcoke on behalf of the Heidelberg Group of Companies.

### BUSINESS REVIEW

The profit and loss account for the year shows a profit after taxation of £426,000 (2000: £494,000)

On 1 January 2002 the company changed its name from Heidelberger Fuels Limited to HC Fuels Limited.

### RESULTS AND DIVIDENDS

The results for the year are set out on page 5.

The directors do not propose a final dividend (2000: £nil).

### DIRECTORS AND DIRECTORS' INTERESTS


The present directors of the company and those who served during the year are listed below:

|                  |                             |
|------------------|-----------------------------|
| H F A Thijsen    | (resigned 31 May 2001)      |
| G Syvertsen      | (resigned 18 January 2001)  |
| E H G Ericsson   |                             |
| D J Carr         |                             |
| P W Weller       |                             |
| R A S Clayton    |                             |
| C H S J Meyers   |                             |
| B E Ahlkvist     | (appointed 2 February 2001) |
| S Hansen         | (appointed 1 June 2001)     |
| A O Erdem        | (appointed 1 June 2001)     |
| V Schneider      | (appointed 9 April 2002)    |
| A Van Steenberge | (appointed 9 April 2002)    |

### AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Ernst & Young LLP, who were appointed by the Company as auditors on 28 November 2001 to fill the casual vacancy arising from the resignation of KPMG.

By order of the board

  
D J Carr  
Secretary

Dated

18/06/02

## Heidelberger Fuels Limited

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### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEIDELBERGER FUELS LIMITED

We have audited the company's financial statements for the year ended 31 December 2001 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 19. These financial statements have been prepared on the basis of 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 legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

### Opinion

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



Ernst & Young LLP

Birmingham

Registered Auditor

Dated

18/6/02

# Heidelberger Fuels Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

|  |       |              | As Restated  |
|--|-------|--------------|--------------|
|  | Notes | 2001<br>£000 | 2000<br>£000 |
| <b>TURNOVER</b>                                      | 2     | 36,032       | 22,710       |
| Cost of Sales  |       | (34,658)     | (21,424)     |
| <b>GROSS PROFIT</b>                                  |       | 1,374        | 1,286        |
| Administration expenses                              |       | (760)        | (525)        |
| <b>OPERATING PROFIT</b>                              | 3     | 614          | 761          |
| Other interest receivable and similar income         | 6     | 11           | 61           |
| Interest payable and similar charges                 | 7     | (12)         | (105)        |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |       | 613          | 717          |
| Tax on profit on ordinary activities                 | 8     | (187)        | (223)        |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                 | 15    | 426          | 494          |

All items dealt with in arriving at profit on ordinary activities before taxation relate to continuing activities.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

# Heidelberger Fuels Limited

## BALANCE SHEET

at 31 December 2001

|  |      |              | As Restated  |
|--|------|--------------|--------------|
|  |      | 2001         | 2000         |
|  | Note | £000         | £000         |
| <b>FIXED ASSETS</b>                                    |      |              |              |
| Tangible assets  | 9    | 14           | 27           |
| <b>CURRENT ASSETS</b>                                  |      |              |              |
| Stocks   | 10   | 692          | 532          |
| Debtors  | 11   | 5,273        | 2,908        |
|  |      | <u>5,965</u> | <u>3,340</u> |
| <b>CREDITORS: Amounts falling due within one year:</b> | 12   | (4,348)      | (2,262)      |
| <b>NET CURRENT ASSETS</b>                              |      | <u>1,617</u> | <u>1,178</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>           |      | <u>1,631</u> | <u>1,205</u> |
| <b>CAPITAL AND RESERVES</b>                            |      |              |              |
| Called up share capital                                | 13   | 500          | 500          |
| Profit and loss account                                | 14   | 1,131        | 705          |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                      |      | <u>1,631</u> | <u>1,205</u> |

These financial statements were approved by the board of directors on its behalf by: 18/06/02 and were signed on



18/06/02

R A S Clayton  
Managing Director

# Heidelberger Fuels Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2001

|   |            | As restated |
|---|------------|-------------|
|   | 2001       | 2000        |
|   | £000       | £000        |
| Profit/(loss) after tax for the financial year                        | 426        | 494         |
| Total recognised gains and losses relating to the year                | 426        | 494         |
| Prior year adjustment (see note 1)                                    | 5          |             |
| <b>TOTAL RECOGNISED GAINS AND LOSSES SINCE THE LAST ANNUAL REPORT</b> | <b>431</b> |             |



NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

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 in accordance with applicable Accounting Standards and under the historical cost convention.

*Cash flow statement*

Under Financial Reporting Standard No.1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

*Related party transactions*

As the company is a wholly owned subsidiary of Heidelberger Zement AG, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as relating parties).

*Turnover*

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deducting trade discounts and value added tax.

*Foreign currencies*

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

*Fixed assets*

The cost of other tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets (excluding investment properties), less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The useful economic lives are considered to be:

|                    |           |
|--------------------|-----------|
| Motor vehicles     | - 3 years |
| Computer Equipment | - 3 years |

*Stocks*

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs and other costs incurred in bringing stock to a saleable condition

*Pensions*

Contributions to the company's defined benefit pension schemes are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

1. ACCOUNTING POLICIES (CONTINUED)

*Deferred taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

FRS 19 'Deferred taxation' was issued on 7 December 2000 and is mandatory for years ending on or after 23 January 2002. The Group has decided to adopt FRS 19 early.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

*Prior year adjustment*

During the year ending 31 December 2001, following the company's decision to adopt Financial Reporting Standard (FRS) 19, 'Deferred Tax', the company made full provision for deferred tax in accordance with the accounting policy. The effect on the company's reserves brought forward at 1 January 2000 was an increase of £5,000. The total prior year adjustment for 2001 is £5,000.

# Heidelberger Fuels Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

### 2. TURNOVER

|                     | 2001<br>£000  | 2000<br>£000  |
|---------------------|---------------|---------------|
| Inter-company sales | 30,336        | 18,023        |
| External sales      | 5,696         | 4,687         |
|                     | <u>36,032</u> | <u>22,710</u> |

All sales are made within the United Kingdom.

### 3. OPERATING PROFIT

This is stated after charging:

|  | 2001<br>£000 | 2000<br>£000 |
|--|--------------|--------------|
| Depreciation of owned tangible fixed assets  | 13           | 13           |
| Auditors' remuneration (including expenses): |              |              |
| Audit work                                   | 10           | 3            |
| Non-audit work                               | 3            | 3            |
|  | <u>13</u>    | <u>19</u>    |

### 4. DIRECTORS' EMOLUMENTS

|                       | 2001<br>£000 | 2000<br>£000 |
|-----------------------|--------------|--------------|
| Total emoluments      | 85           | 68           |
| Pension contributions | 8            | 7            |
|                       | <u>93</u>    | <u>75</u>    |

|   | 2001<br>No. | 2000<br>No. |
|---|-------------|-------------|
| Number of directors who are members of defined benefit pension scheme | 2           | 2           |
|   | <u>2</u>    | <u>2</u>    |

# Heidelberger Fuels Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

### 5. EMPLOYEE INFORMATION

The average monthly number of persons employed by the company (including directors) during the year, analysed by category, is as follows:

|                       | <i>No.</i><br><i>2001</i><br><i>£000</i> | <i>No.</i><br><i>2000</i><br><i>£000</i> |
|-----------------------|--|--|
| Office and management | 5  | 3  |
| Directors             | 7  | 6  |
|                       | <u>12</u>                                | <u>9</u>                                 |

Direct Employment Costs – all employees including executive directors:

|                       | <i>2001</i><br><i>£000</i> | <i>2000</i><br><i>£000</i> |
|-----------------------|----------------------------|----------------------------|
| Wages and salaries    | 197                        | 164                        |
| Social security costs | 19                         | 16                         |
| Other pension costs   | 17                         | 14                         |
|                       | <u>233</u>                 | <u>194</u>                 |

### 6. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

|  | <i>2001</i><br><i>£000</i> | <i>2000</i><br><i>£000</i> |
|--|----------------------------|----------------------------|
| Interest receivable from parent and fellow subsidiary undertakings | <u>11</u>                  | <u>61</u>                  |

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

|                             | <i>2001</i><br><i>£000</i> | <i>2000</i><br><i>£000</i> |
|-----------------------------|----------------------------|----------------------------|
| Other financial liabilities | 6                          | -                          |
| Group company loans         | 6                          | 105                        |
|                             | <u>12</u>                  | <u>105</u>                 |

# Heidelberger Fuels Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

### 8. TAXATION

(a) Analysis of tax charge in the year

#### UK Current Tax

|                    | 2001<br>£000 | 2000<br>£000 |
|--------------------|--------------|--------------|
| UK corporation tax | 166          | 268          |

#### UK Deferred Tax

|  |     |      |
|--|-----|------|
| Origination and reversal of timing differences | 21  | (45) |
| Tax charge on profit on ordinary activities    | 187 | 223  |

(b) Factors affecting tax charge for the year:

|   | 2001<br>£000 | 2000<br>£000 |
|---|--------------|--------------|
| Company profit on ordinary activities before tax                    | 613          | 717          |
| Company profit on ordinary activities before tax at 30% (2000: 30%) | 184          | 215          |
| Effect of:  |              |              |
| Expenses not deductible for tax purposes                            | 2            | 9            |
| Other timing differences  | (20)         | 44           |
| Total current tax charge  | 166          | 268          |

### 9. TANGIBLE FIXED ASSETS

|  | Motor<br>vehicles<br>£000 | Computer<br>equipment<br>£000 | Total<br>£000 |
|--|---------------------------|-------------------------------|---------------|
| Cost:                                  |                           |                               |               |
| At 1 January 2001 and 31 December 2001 | 23                        | 48                            | 71            |
| Depreciation:                          |                           |                               |               |
| At 1 January 2001                      | 5                         | 39                            | 44            |
| Charge for the year                    | 8                         | 5                             | 13            |
| At 31 December 2001                    | 13                        | 44                            | 57            |
| Net book value:                        |                           |                               |               |
| At 31 December 2001                    | 10                        | 4                             | 14            |
| At 31 December 2000                    | 18                        | 9                             | 27            |

# Heidelberger Fuels Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2001

### 10. STOCKS

|                | 2001<br>£000 | 2000<br>£000 |
|----------------|--------------|--------------|
| Petcoke stocks | 111          | -            |
| Coal stocks    | 581          | 532          |
|                | <u>692</u>   | <u>532</u>   |

### 11. DEBTORS

|                                    | 2001<br>£000 | As Restated<br>2000<br>£000 |
|------------------------------------|--------------|-----------------------------|
| Trade debtors                      | 825          | 874                         |
| Amounts owed by group undertakings | 3,019        | 1,863                       |
| Other debtors                      | 297          | 121                         |
| Prepayments                        | 1,103        | -                           |
| Deferred tax asset                 | 29           | 50                          |
|                                    | <u>5,273</u> | <u>2,908</u>                |

### 12. CREDITORS: amounts falling due within one year

|                                    | 2001<br>£000 | As Restated<br>2000<br>£000 |
|------------------------------------|--------------|-----------------------------|
| Trade creditors                    | 3,479        | 1,022                       |
| Amounts owed to group undertakings | 568          | 684                         |
| UK corporation tax payable         | 225          | 247                         |
| Accrued expenses                   | 76           | 309                         |
|                                    | <u>4,348</u> | <u>2,262</u>                |

# Heidelberg Fuels Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2001

### 13. DEFERRED TAXATION

|   | <i>Deferred tax</i> |             |
|---|---------------------|-------------|
|   | <i>2001</i>         | <i>2000</i> |
|   | <i>£000</i>         | <i>£000</i> |
| As at 1 January ( <i>As Restated</i> )          | 50                  | -           |
| Charge/ (credit) to the profit and loss account | (21)                | 50          |
| At 31 December (see note 11)                    | <u>29</u>           | <u>50</u>   |

The amounts provided in the accounts and the amounts not provided are as follows:

|                                | <i>As Restated<br/>Provided</i> |             | <i>As Restated<br/>Not provided</i> |             |
|--------------------------------|---------------------------------|-------------|-------------------------------------|-------------|
|                                | <i>2001</i>                     | <i>2000</i> | <i>2001</i>                         | <i>2000</i> |
|                                | <i>£000</i>                     | <i>£000</i> | <i>£000</i>                         | <i>£000</i> |
| Accelerated capital allowances | 6                               | 5           | -                                   | -           |
| Other timing differences       | 23                              | 45          | -                                   | -           |
|                                | <u>29</u>                       | <u>50</u>   | <u>-</u>                            | <u>-</u>    |

### 14. SHARE CAPITAL

|   | <i>2001</i>   | <i>2000</i>   |
|---|---------------|---------------|
|   | <i>£000</i>   | <i>£000</i>   |
| Authorised:<br>20 million ordinary shares of £1 each                      | <u>20,000</u> | <u>20,000</u> |
| Allotted, called up and fully paid:<br>500,000 ordinary shares of £1 each | <u>500</u>    | <u>500</u>    |

### 15. PROFIT AND LOSS ACCOUNT

|  | <i>£000</i>  |
|--|--------------|
| At 1 January 2001 as previously stated | 700          |
| Prior year adjustment                  | 5            |
| At 1 January 2001 as restated          | <u>705</u>   |
| Profit for the year                    | 426          |
| At 31 December 2001                    | <u>1,131</u> |

NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2001

16. RECONCILIATION OF SHAREHOLDERS' FUNDS

|                               | As Restated  |              |
|-------------------------------|--------------|--------------|
|                               | 2001         | 2000         |
|                               | £000         | £000         |
| Profit for the financial year | 426          | 494          |
| Opening shareholders' funds   | 1,205        | 711          |
| Closing shareholders' funds   | <u>1,626</u> | <u>1,205</u> |

17. PENSIONS

The company participates in the Castle Cement Limited Pension Scheme (the Castle Pension Scheme), which is a defined benefit scheme. The company is unable to identify its share of the underlying assets and liabilities in the Castle Pension Scheme.

Contributions made to the Castle Pension Scheme during the year under review amounted to £17,234 (2000: £4,563)

Further details of the Castle Pension Scheme assets and liabilities can be found in the Castle Cement Limited 2001 financial statements.

18. ULTIMATE PARENT UNDERTAKING

The ultimate controlling party is Heidelberger Zement AG, a company incorporated in Germany. Copies of the consolidated financial statements of Heidelberger Zement AG may be obtained from Berliner Strasse 6, D-69120 Heidelberg, Germany.

19. CAPITAL COMMITMENTS

There are no capital commitments or contingent liabilities at the year end (2000: £Nil).