

**Heidelberger Fuels Limited (formerly Scancem  
Energy Limited)**

**Directors' report and financial  
statements**

Registered number 3568686

For the year ended 31 December 1999



## Contents

Directors' information and advisors	1
Directors' report	2
Statement of directors' responsibilities	3
Report of the auditors to the members of Heidelberger Fuels Limited (formerly Scancem Energy Limited)	4
Profit and loss account	5
Balance sheet	6
Notes	7

## **Directors' information and advisors**

<b>Directors</b>	BI Willerström EHG Ericsson PW Weller HH Fernvik RAS Clayton CHSJ Meyers H Thijssen G Syvertsen DJ Carr
<b>Secretary</b>	DJ Carr
<b>Registered office</b>	10 <sup>th</sup> Floor West Bowater House 68-114 Knightsbridge London SW1X 7LT  Registered number 3568686
<b>Auditors</b>	KPMG 2 Cornwall Street Birmingham B3 2DL

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

### Principal activities

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

### Business review

The profit and loss account for the year shows a profit after taxation of £209,000 (1998: £Nil).

### Results and dividends

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

The directors do not propose a final dividend.

### Directors and directors' interests

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

BI Willerström	(resigned 24 January 2000)
EHG Ericsson	
PW Weller	
HH Fernvik	(resigned 9 February 2000)
RAS Clayton	(appointed 1 January 1999)
CHSJ Meyers	(appointed 10 December 1999)
H Thijssen	(appointed 9 February 2000)
G Syvertsen	(appointed 9 February 2000)
DJ Carr	(appointed 9 February 2000)

By order of the board



DJ Carr  
Secretary

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

u/s/oo

## 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 and of the profit or loss for that year. 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



2 Cornwall Street  
Birmingham  
B3 2DL

## **Report of the auditors to the members of Heidelberg Fuels Limited (formerly Scancem Energy Limited)**

We have audited the financial statements on pages 5 to 11.

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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

### ***Basis of audit 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 as at 31 December 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**

*Chartered Accountants  
Registered Auditors*

14 September 2000

**Profit and loss account**  
*for the year ended 31 December 1999*

	<i>Note</i>	<b>1999</b> <b>£000</b>	<b>1998</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>17,987</b>	-
Cost of sales		<b>(16,651)</b>	-
		<hr/>	<hr/>
<b>Gross profit</b>		<b>1,336</b>	-
Administrative expenses		<b>(925)</b>	-
		<hr/>	<hr/>
<b>Operating profit</b>	<b>3</b>	<b>411</b>	-
Interest receivable		<b>50</b>	-
Interest payable and similar charges	<b>6</b>	<b>(120)</b>	-
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>341</b>	-
Tax on profit on ordinary activities	<b>7</b>	<b>(135)</b>	-
		<hr/>	<hr/>
<b>Profit for the financial year</b>	<b>14</b>	<b>206</b>	-

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

The company has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

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.

**Balance sheet***at 31 December 1999*

	<i>Note</i>	<b>1999</b> £000	<b>1998</b> £000
<b>Fixed assets</b>			
Tangible assets	8	40	-
<b>Current assets</b>			
Stocks	9	1,528	
Debtors	10	1,961	
Cash at bank and in hand		1,852	1
		<hr/> 5,341	<hr/> 1
<b>Creditors: Amounts falling due within one year</b>		<hr/> (706)	<hr/> -
<b>Net current assets</b>	11	<hr/> 4,635	<hr/> 1
<b>Total assets less current liabilities</b>		<hr/> 4,675	<hr/> -
<b>Creditors: Amounts falling due after more than one year</b>	12	<hr/> (3,969)	<hr/> -
<b>Net assets</b>		<hr/> 706	<hr/> 1
<b>Capital and reserves</b>			
Called up share capital	13	500	1
Profit and loss account	14	206	-
<b>Equity shareholders' funds</b>	15	<hr/> 706	<hr/> 1

These financial statements were approved by the board of directors on ..... 11/9/00 ..... and were signed on its behalf by:



**RAS Clayton**  
*Managing Director*



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention, modified by the revaluation of certain fixed assets.

#### *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.

#### *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 translated 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 (continued)

### 2 Turnover

	1999 £000	1998 £000
Inter-company sales	17,207	-
External sales	780	-
	<hr/> 17,987	<hr/> -

All sales are made within the United Kingdom.

### 3 Operating profit

	1999 £000	1998 £000
<i>Operating profit is stated</i>		
<i>after (crediting)/charging</i>		
Depreciation of tangible fixed assets	31	-
Auditors' remuneration (including expenses)	8	-

### 4 Directors' emoluments

	1999 £000	1998 £000
Total emoluments	10	-

### 5 Employee information

The average weekly number of persons employed by the company, including executive directors, during the year is analysed below:

	Number of employees	
	1999	1998
Office and management	3	-
Directors	6	-
	<hr/> 9	<hr/> -

## Notes (continued)

### 5 Employee information (continued)

Employment costs - all employees including executive directors:

	1999 £000	1998 £000
Wages and salaries	232	-
Social security costs	15	-
Pension costs	8	-
	<hr/> 255	<hr/> -

### 6 Interest payable and similar charges

	1999 £000	1998 £000
Group company loans	120	-

### 7 Taxation

	1999 £000	1998 £000
Current UK corporation tax at 30.25%:	135	-

### 8 Tangible fixed assets

	Motor vehicles £000	Computer equipment £000	Total £000
<b>Cost</b>			
At beginning of year	-	-	-
Additions	23	48	72
	<hr/> 23	<hr/> 48	<hr/> 71
At end of year	23	48	71
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	-	-	-
Charge for year	5	26	31
	<hr/> 5	<hr/> 26	<hr/> 31
At end of year	5	26	31
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 December 1999	18	22	40
	<hr/>	<hr/>	<hr/>
At 31 December 1998	-	-	-
	<hr/>	<hr/>	<hr/>

# Notes (continued)

## 9 Stocks

	1999 £000	1998 £000
Coal stocks	1,528	-

## 10 Debtors

	1999 £000	1998 £000
Trade debtors	328	-
Amounts owed by group undertaking	1,333	-
Other debtors	300	-
	<hr/> 1,961	<hr/> -

## 11 Creditors: Amounts falling due within one year

	1999 £000	1998 £000
Trade creditors	473	-
Amounts owed to group undertakings	120	-
Corporation tax payable	110	-
Accrued expenses	3	-
	<hr/> 706	<hr/> -

## 12 Creditors: Amounts falling due after more than one year

	1999 £000	1998 £000
Amounts owed to group undertakings	3,969	-

## 13 Called up share capital

	1999 £000	1998 £000
<b>Authorised:</b>		
20 million ordinary shares of £1 each	20,000	20,000
<b>Allotted, called up and fully paid:</b>		
500,000 ordinary shares of £1 each	500	1

On 8 February 1999 Scancem Group Limited subscribed for 499,999 shares for a consideration of £499,999.

## Notes (continued)

### 14 Profit and loss account

	£000
At 1 January 1999	-
Profit for the year	206
<b>At 31 December 1999</b>	<b>206</b>

### 15 Reconciliation of movement in shareholders' funds

	1999 £000	1998 £000
Profit for the financial year	206	-
Opening shareholders' funds	-	-
Shares issued	500	1
<b>Closing shareholders' funds</b>	<b>706</b>	<b>1</b>

### 16 Ultimate parent companies

The company is controlled by Scancem Group Limited, a company incorporated in Great Britain, the company's immediate parent company. The ultimate controlling party is Heidelberger Zement AG. Copies of the consolidated financial statements of Heidelberger Zement AG may be obtained from Berliner Strasse 6, D-69120 Heidelberg, Germany.

### 17 Capital commitments

There are no capital commitments or contingent liabilities at the year end (1998: £Nil).