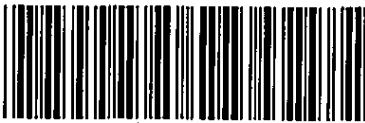




**WORLD COAL INSTITUTE**

**FINANCIAL STATEMENTS  
for the year ended 30 September 2008**

TUESDAY



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## Report of the Directors

1. The Directors present herewith their Report and the audited accounts of the Institute for the year ended 30 September 2008.

### Principal activities

2. The Institute is a non-governmental, non-profit making worldwide industry association of coal enterprises. Its key objectives are to promote coal as a strategic resource, to promote the role of clean coal technologies in improving the environmental performance of coal, and to provide a forum for the exchange of information and discussion of issues affecting the global coal industry. Through contacts with official bodies, consumers and other interested parties, the WCI aims to strengthen the understanding of coal's contribution to energy security, social & economic development; and to demonstrate its improving environmental performance.

### Liability of members

3. The World Coal Institute is a company limited by guarantee. In the event the company is wound up as a result of insolvency, each member undertakes to contribute to the assets of the Institute such amount as may be required, not exceeding £1.

### Management of Risk

4. The directors manage the liquidity of the Institute in order to meet its obligations as they become due. The Institute's exposure to credit risk is to the extent of cash and receivables as reflected in the balance sheet. Management monitor the recoverability of debtors and cash balances are deposited only with financial institutions which the directors consider to be of suitable credit rating.

### Review of activities and future developments

5. There was a deficit after tax of £131,511 for the year ended 30 September 2008 (2007: surplus of £20,905), which when added to the restated cumulative surplus brought forward of £54,507 results in a cumulative deficit of £77,004 at 30 September 2008. The deficit after tax includes the impact of the write off of receivables of £91,829, as well as the incremental costs relating to the relocation to new office premises during the year. It is the intention of the Directors' to eliminate the deficit in reserves during 2009.

In the 2008 calendar year the World Coal Institute held two full meetings of members (in New York City, United States and Brussels, Belgium). Worldwide developments affecting the coal industry, and the general direction of the work of the Institute, were discussed at these meetings.

The World Coal Institute has Consultative Status Category II to the United Nations Economic and Social Council, and Consultative Status to the UN Industrial Development Organisation. The Institute continues to follow the ongoing negotiations under the UN Framework Convention on Climate Change, and attended the 14<sup>th</sup> Conference of the Parties/4<sup>th</sup> Meeting of the Parties in Poznan during December 2008.

The Institute participated in many other international energy-related meetings and conferences.

The World Coal Institute published a number of documents in the financial year 2007-08. These included the translation of the brochure 'Storing CO<sub>2</sub> Underground' in six languages (Arabic, French, Japanese, Mandarin, Portuguese and Spanish) and two policy papers "Key Elements of a Post-2012 Agreement on Climate Change" (November 2007) and "Carbon Capture & Storage and the Clean Development Mechanism" (June 2008). WCI produced three issues of its newsletter Ecoal (November 07, February 08 and May 08). WCI also produces a variety of material which is only available electronically. In 2007-08 these items included a number of fact cards covering coal statistics and associated topics and case studies on projects in the coal industry, covering environmental issues and community engagement. WCI also updates material on its website on a regular basis.

## Membership

6. Membership is open to all coal enterprises. At 30 September 2008 membership stood at 17 companies, 17 national coal associations, and six Honorary Members:

**Full Corporate Members:** PT Adaro  
Anglo Coal  
Arch Coal  
BHP Billiton Energy Coal  
BHP Billiton Mitsubishi Alliance  
Carbones del Cerréjon  
Coal India Limited  
CONSOL Energy Inc  
Glencore International AG  
Joy Global, Inc  
Mitsubishi Development Pty Ltd  
Peabody Energy  
Rio Tinto Limited  
Solid Energy New Zealand Ltd  
Store Norske Spitsbergen GrubeKompani A/S  
Total SA  
Xstrata Coal

**Associate Members:**  
American Coal Council  
ASSOCARBONI  
Association of British Mining Equipment Co  
Association of UK Coal Importers  
Associacao Brasileira do Carvao Mineralz  
Australian Coal Association  
Camara Asomineros  
Coal Association of Canada  
Coal Association of New Zealand  
Confederation of UK Coal Producers  
German Hard Coal Association  
Indonesian Coal Mining Association  
Iranian Mines & Mining Industries  
National Mining Association  
Philippine Chamber of Coal Mines Inc  
Shaanxi Coalfields Geological Bureau  
Svenska Kolinstitutet

**Honorary Members:** Dr K-H Bund  
Mr J C Farrell  
Mr E M Massey  
Mr J H Morrish  
Mr A A Sealey  
Mr J M Slater

The following changes to Membership have occurred in the period from 1 October 2008 to the date of this Report:

- (a) Additional:

**Full Corporate Members:** None

**Associate Members:**

American Coal Ash Association	24 November 2008
Cooperative Research Centre for Greenhouse Gas Technologies	01 May 2009
The European Cement Association	06 January 2009
Japan Coal Energy Center	26 November 2008

- (b) Lapsed:

**Full Corporate Members:** Carbones del Zulia

Directors

7. The Articles of Association provide for each member of the Institute to appoint a director and alternate director if the member wishes to do so. The Board\* at 30 September 2008 comprised:

<u>NOMINATING MEMBER COMPANY</u>	<u>DIRECTOR</u>	<u>ALTERNATE</u>
PT ADARO INDONESIA	A B Grant	E Tsang
ANGLO COAL	R S Wicks	
ARCH COAL	J Eaves	D Slone
BHP BILLITON ENERGY COAL	G Kellow	J Beere
BHP BILLITON MITSUBISHI ALLIANCE	M Bastos	R Willims
CARBONES DEL CERREJON	L Teicher	L G Meneses
CARBONES DEL ZULIA		
COAL INDIA LMT	S Kumar	K Ranganath
CONSOL ENERGY INC	P Lilly	
GLENORE INTERNATIONAL AG	T Peterson	
JOY GLOBAL INC	M Sutherlin	S Stephens
MITSUBISHI DEVELOPMENT PTY LTD	K Yamanaka	Y Doida
PEABODY ENERGY	F Palmer	
RIO TINTO LIMITED	P Chiaro	A Zapantis
SOLID ENERGY NEW ZEALAND LTD	D Elder	A Brown
STORE NORSKE SPITSBERGEN GRUBEKOMPANI A/S	N B Tokheim	D I Brekke
TOTAL SA	D De Bourgues	G Barztkowiak
XSTRATA COAL	P Freyberg	C Whyte
WORLD COAL INSTITUTE	M C Catelin (Chief Executive)	
HONORARY MEMBERS:	K-H Bund	
	J C Farrell	
	E M Massey	
	J H Morrish	
	A A Sealey	
	J M Slater	

The following members resigned or otherwise ceased to be members of the Board during the year 1 October 2007 to 30 September 2008:

TOTAL SA	F Bautin	12 October 2007
Joy Global Inc	A D Johnson	31 December 2007
Xstrata Coal	P Coates	14 January 2008
Mitsubishi Development Pty	S Tamaru	11 May 2008
Mitsubishi Development Pty	N Tsubonuma	11 May 2008
Anglo Coal	J Wallington	15 June 2008
BHP Billiton Energy Coal	J Smith	31 October 2008

\*Associate Members may not hold directorships of the World Coal Institute and thus may not sit individually on the Board of Directors.

The following changes to the Board have occurred in the period from 1 October 2008 to the date of this Report:

<u>NOMINATING MEMBER COMPANY</u>	<u>DIRECTOR</u>	<u>ALTERNATE DIRECTOR</u>	<u>EFFECTIVE DATE**</u>
(a) Appointments:-			
Anglo Coal		S Pillay	01 October 2008
Peabody Energy		G Boyce	12 January 2009
Coal India		A Deshmuka	24 February 2009
Coal India		N Chandra	24 February 2009
Mitsubishi Development Pty		D Isles	09 February 2009
CONSOL Energy		N Deluliis	01 March 2009

(b) Resignations:-

CONSOL Energy	P Lilly		28 January 2009
Mitsubishi Development Pty	K Yamanaka		06 February 2009
Xstrata Coal	C Whyte		13 February 2009
Coal India	S Kumar		20 February 2009
Coal India	K Ranganath		20 February 2009

**\*\* Date of appointment or resignation/advice of resignation**

**COMPANY NAME CHANGES:**

None to report

Auditors

**8. Disclosure of information to the auditors**

In accordance with the Companies Audit, Investigations and Enterprise Act 2004, so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware and each director has taken all the steps he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Ernst and Young LLP were appointed as auditors for these accounts by resolution at the Annual General Meeting on 15 May 2008. A resolution on the appointment of auditors for the financial year ended 30 September 2009 will be put to the members at the Annual General Meeting on 24 June 2009.

Special Provisions of Part VII of the Companies Act 1985

9. The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities.

BY ORDER OF THE BOARD



Karen Milliner  
Company Secretary

Date:

### Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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 any applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 confirm that they have complied with the requirements and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in the preparation of the accounts.

BY ORDER OF THE BOARD



M C CATELIN  
Chief Executive

Date: 29.6.09.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD COAL INSTITUTE**

We have audited the company's financial statements for the year ended 30 September 2008 which comprise the primary financial statements the Income and Expenditure Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

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 auditor's 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 the preparing the financial statements in accordance with applicable United Kingdom law and 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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.

### **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 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, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30 September 2008 and of its result 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.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered auditor  
London

Date 3 July 2009

**Income and Expenditure Account for the year ended 30 September 2008**

	Note	2008 £ sterling	2007 £ sterling Restated
<b>Income</b>			
Subscriptions	2	843,884	867,226
Interest income		11,525	11,894
<b>TOTAL</b>		<u>855,409</u>	<u>879,120</u>
<b>Expenditure</b>			
Accommodation		69,149	38,079
Council Tax		14,185	8,047
Office Costs		110,368	59,156
Disposal of Fixtures and Fittings		3,267	-
Depreciation- Fixtures and Fittings		4,116	7,466
Depreciation -Furniture		3,146	3,617
Staff Costs	4	466,831	459,021
Travel & Subsistence		85,841	127,341
Entertainment		5,315	3,017
Cost of Meetings		30,117	15,658
Legal & Professional Costs		20,572	4,259
Accounting & Tax Fees		7,477	9,285
Audit Fee - current year		5,520	4,600
Publications & Website		66,299	116,754
Bad debts written off		91,829	-
<b>TOTAL</b>		<u>984,032</u>	<u>856,300</u>
(Deficit)/ Surplus on ordinary activities before taxation		(128,623)	22,820
Taxation	5	<u>(2,888)</u>	<u>(1,915)</u>
(Deficit)/ Surplus for the year after taxation		<u>(131,511)</u>	<u>20,905</u>

All amounts above relate to continuing operations.

**Statement of Total Recognised Gains and Losses**

	2008 £ sterling	2007 £ sterling Restated
(Deficit)/Surplus for the year after taxation	<u>(131,511)</u>	<u>20,905</u>
Total recognised (deficit)/surplus for the year	(131,511)	<u>20,905</u>
Prior year adjustment (as explained in note 12)	12	<u>54,507</u>
Total (deficit)/surplus recognised since last annual report	<u>(77,004)</u>	

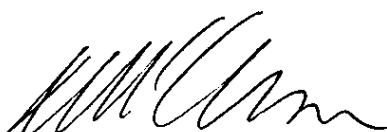
The notes on pages 10 to 13 form part of these accounts.

**Balance Sheet - at 30 September 2008**

	Note	2008 £ sterling	2007 £ sterling Restated
<b>Fixed Assets</b>			
Tangible fixed assets	6	30,819	14,117
<b>Current Assets</b>			
Debtors - amounts falling due within one year	7	259,540	668,543
Cash at bank & in hand		525,721	235,519
		<hr/>	<hr/>
		816,080	918,179
Creditors - amounts due within one year	8	(893,084)	(863,672)
		<hr/>	<hr/>
<b>Current (Liabilities)/ Assets</b>		<b>(77,004)</b>	<b>54,507</b>
<b>Reserves</b>			
Income & expenditure account	11	(77,004)	54,507
		<hr/>	<hr/>

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (FRSSE effective January 2007).

Approved by the Board of Directors on 24 June 2009  
and signed on its behalf by:



Don Elder  
Director & Chairman

29/06/2009

The notes on pages 10 to 13 form part of these accounts.

**Notes to the Financial Statements - for the year ended 30 September 2008**

(1) Principal accounting policies

(a) Accounting convention

The accounts are prepared under the historical cost convention and are in accordance with applicable UK accounting standards.

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

(b) Subscriptions

Subscription income, which is stated net of value added tax, is recognised in the period to which it relates.

(c) Depreciation

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives.

Fixture and Fittings- over the period of the lease  
Furniture- 25% pa reducing instalment basis

(d) Taxation

The charge for taxation is based on the result for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

(e) Operating Leases

Costs in respect of operating leases are charged upon a straight line basis over the lease term.

(f) Pension Costs

The company operates a defined contribution scheme. The amount charged to the income and expenditure account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(g) Interest Income

Interest income is recognised as it accrues, calculated in accordance with the cumulative effective interest method.

(h) Foreign Currency

Foreign currency transactions are initially recorded in sterling by applying the exchange rates on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rate ruling at the balance sheet date. Exchange differences are included in the profit and loss accounts.

(2) Subscriptions and special contributions

Income from members' subscriptions and special contributions for the year (excluding VAT) was as follows:

	<u>2008</u>	<u>2007</u>
	£ sterling	£ sterling Restated
Subscription income	843,884	867,226

An amount totalling £869,030 was invoiced to Members on 1 July 2008 being subscriptions for the period 1 October 2008 to 30 September 2009.

(3) <u>Surplus/(deficit) on ordinary activities before taxation</u>	2008	2007
	£ sterling	£ sterling
Surplus/(deficit) on ordinary activities before taxation is stated after charging:		
Hire of office equipment, operating leases	5,600	5,600
Annual office rent	70,647	47,825
Audit fees	5,520	4,600
	81,767	58,025

(4) <u>Staff costs</u>	2008	2007
	£ sterling	£ sterling
Wages & salaries	384,956	370,320
Social security costs	46,057	43,861
Pension costs - defined contribution schemes	25,014	25,525
Other staff costs, recruitment & relocation	10,804	19,315
Staff costs - operating expenses	466,831	459,021

(The average number of staff during the year was 5 (2007:4))

Directors' Emoluments (including pension contributions)

	2008	2007
	£ sterling	£ sterling
Emoluments of the Chief Executive		
MC Catelin	269,558	238,824

With the exception of the emoluments of the Chief Executive who, in accordance with the Articles of Association, is Ex Officio a Director, none of the Board of Directors received any remuneration for their services to the company (2007: £nil). No expenses were incurred by the current Chairman, Preston Chiaro on World Coal Institute activities (2007: £nil)

(5) <u>Tax on surplus on ordinary activities</u>	2008	2007
	£ sterling	£ sterling
Current Taxation:		
UK Corporation Tax at 20.5% (2007 at 20%)	2,363	1,915
Adjustment relating to previous year	525	-
	2,888	1,915

(6) Tangible Fixed Assets

	<u>Fixture and Fittings</u> £ sterling	<u>Furniture</u> £ sterling	<u>Total</u> £ sterling
Cost			
At 1 October 2007	16,989	19,290	36,279
Additions	25,498	1,733	27,231
Disposals	(16,989)	-	(16,989)
At 30 September 2008	25,498	21,023	46,521
Depreciation:			
At 1 October 2007	13,722	8,440	22,162
Disposals	(13,722)	-	(13,722)
Charge for the period	4,116	3,146	7,262
At 30 September 2008	4,116	11,586	15,702
Net book value:			
At 30 September 2008	21,382	9,437	30,819
At 30 September 2007	3,267	10,850	14,117

(7) Debtors - amounts falling due within one year

	2008 £ sterling	2007 £ sterling Restated
Subscriptions Receivable, net of provision for doubtful debt	177,629	641,869
Prepayments & accrued income	28,842	13,157
Value Added Tax	17,950	7,808
Other debtors <sup>1</sup>	9,969	5,709
Rent deposit <sup>2</sup>	25,150	-
	259,540	668,543

<sup>1</sup> Other debtors include £9,250 of loans to employees.

<sup>2</sup> Rent deposit relates to the lease due to expire in March 2011, therefore not due within one year.

(8) Creditors - amounts falling due within one year

	2008 £ sterling	2007 £ sterling Restated
Sundry Creditors & Accruals	21,691	20,075
Subscriptions: charged in advance	869,030	841,682
Corporation Tax	2,363	1,915
	893,084	863,672

(9) Lease commitments

At 30 September 2008 the company had annual commitments under non-cancellable operating leases as set out below:

	2008 £ sterling		2007 £ sterling	
	Land and Buildings	Other	Land and Buildings	Other
Operating leases which expire:				
Within one year	-	4,034	20,890	5,600
In the second to fifth years Inclusive	85,620	2,016	-	10,311
	85,620	6,050	20,890	15,911

The company moved offices during the year and signed a three year lease with the Crown Estate at an annual rent payable in quarterly instalments. This lease runs to March 2011.

(10) Liability of members

The Institute is a company limited by guarantee. In the event that the company is wound up as a result of insolvency, each member undertakes to contribute to the assets of the Institute such amount as may be required, not exceeding £1.

(11) Reconciliation of movements in Members' funds

	2008	2007
	£ sterling	£ sterling Restated
(Deficit)/surplus for the financial year	(131,511)	20,905
(Decrease)/Increase to Members' funds	(131,511)	<u>20,905</u>
Opening Members' funds	54,507	33,602
Closing Members' funds	(77,004)	54,507

(12) Movement in reserves

	£ sterling-
At 1 October 2007 - as previously reported	-
Prior year adjustments (see note 13)	54,507
At 1 October 2007 as restated	<u>54,507</u>
Deficit for the year	(131,511)
At 30 September 2008	<u>(77,004)-</u>

(13) Prior year adjustment

In the 2007 financial statements, subscription income was recognised to the extent of expenses incurred in the year. Subscription income has been restated to reflect only that relating to subscriptions for the current financial year.

As a result, a surplus of £20,905 is reflected in the year ended 30 September 2007 in the restated Statement of Income and Expenditure. A cumulative surplus of £54,507 is now reflected in reserves at 30 September 2007 and £33,602 at 30 September 2006. Corresponding adjustments have been made to the Balance Sheet.

Further, Subscriptions charged in advance, in Creditors, was previously reflected net of receivables due for subscriptions at 30 September 2007. These receivables have been reclassified to Debtors - amounts due within one year.