

REGISTERED NUMBER 62559

CHARTER CONSOLIDATED INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2001



CHARTER CONSOLIDATED INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR TO 31 DECEMBER 2001

Business and financial position

The company carried on its normal business as an investment holding company during the year and no change is planned in its activities in the year to 31 December 2002.

The results for the year are shown in the profit and loss account on page 2.
Dividends of £Nil (2000 £Nil) were paid during the year.


The financial position at the year end was considered satisfactory.

Directors

Mr J W Herbert (resigned 25 April 2001)
N E Robson (resigned 30 June 2001)
P M Thwaite (resigned 30 September 2001)
D M Eilbeck (appointed 1 July 2001)
A R Yapp (appointed 1 October 2001)

The interests of Mr Eilbeck to be disclosed under the Companies Act 1985 in the shares of Charter plc are shown in the report of that company for the year ended 31 December 2001. The interests of Ms Yapp are shown in the report of Charter Consolidated P.L.C. for the year ended 31 December 2001.

No director has an interest in the shares of the company.

By order of the board
For CHARTER CENTRAL SERVICES LIMITED
Secretaries

A R Yapp

Registered Office

7 Hobart Place
London, SW1W 0HH
1 March 2002

CHARTER CONSOLIDATED INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

		2001	2000
	Note	£000	£000
CONTINUING OPERATIONS			
Administration costs	2	<u>(30)</u>	<u>(25)</u>
Loss on ordinary activities before interest		(30)	(25)
Interest payable - fellow subsidiary undertaking		(50)	(860)
Loss on ordinary activities before taxation		(80)	(885)
Tax on loss on ordinary activities	3	<u>(1,917)</u>	<u>265</u>
Deficit retained for the financial year		<u><u>(1,997)</u></u>	<u><u>(620)</u></u>

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

The notes on pages 5 to 9 form part of these financial statements.

CHARTER CONSOLIDATED INVESTMENTS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2001

		2001	2000
	Note	£000	£000
Fixed Assets			
Investments at cost less provision	4	13,097	14,194
Current Assets			
Debtors - amounts falling due within one year	5	98,489	98,981
Creditors - amounts falling due within one year			
Amounts due to fellow subsidiary undertakings		(15,868)	(16,200)
Corporation tax payable		(739)	-
Other creditors	6	<u>(19)</u>	<u>(18)</u>
Net current assets		<u>81,863</u>	<u>82,763</u>
		<u>94,960</u>	<u>96,957</u>
 CAPITAL AND RESERVES			
Called up share capital	7	20,011	20,011
Share premium account	8	23,210	23,210
Profit and loss account	8	<u>51,739</u>	<u>53,736</u>
Shareholders' funds - equity interests		<u>94,960</u>	<u>96,957</u>

These financial statements were approved by the board of directors on 1 March 2002

A. Dyer

The notes on pages 5 to 9 form part of these financial statements.

CHARTER CONSOLIDATED INVESTMENTS LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR
ENDED 31 DECEMBER 2001

	2001 £000	2000 £000
Loss for the financial year	(1,997)	(620)
Opening shareholders' funds	<u>96,957</u>	<u>97,577</u>
Closing shareholders' funds	<u>94,960</u>	<u>96,957</u>

CHARTER CONSOLIDATED INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The financial statements are prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

- a Basis of accounting
The financial statements are prepared in accordance with the historical cost convention.
- b Related party transactions
The company has taken advantage of the exemption in FRS8 from disclosing related party transactions with members of the Charter plc group.
- c The transitional disclosures for FRS17 were mandatory for years ending on or after 22 June 2001. As the company has no employees no disclosure is required.
- d FRS 18 became mandatory for years ending on or after 22 June 2001. The directors have reviewed the Company's existing policies and consider they are already consistent with this new standard.
- e Cash flow
The company is a wholly owned subsidiary of Charter plc and the cash flows of the company are included in the consolidated group cash flow statement. Consequently the company is exempt under the terms of FRS1 (revised 1996) from publishing a cash flow statement.
- f Income from investments
Income from investments in the subsidiary undertaking, including where applicable the imputed tax credit, is accounted for on a declared basis.
- g Fixed asset investments
Fixed asset investments are included at cost less provision for any permanent diminution in value.
- h Foreign currencies
Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date. Profit and loss items are translated into sterling at the average rates of exchange during the year. All exchange differences are taken to the profit and loss account in the year in which they arise, except those on loans hedging foreign currency denominated fixed asset investments.

CHARTER CONSOLIDATED INVESTMENTS LIMITED

NOTES TO THE FINANCIAL ACCOUNTS

2 Administration costs

- a The company's directors are employed and remunerated by a fellow subsidiary undertaking. They receive no emoluments for their services to the company.
- b Charter Central Services Limited makes a charge to the company in respect of management and other services.
- c The company has no employees.
- d Auditors' remuneration is borne by a fellow subsidiary undertaking.

	2001	2000
	£000	£000
3 Tax on loss on ordinary activities		
Tax on loss for the period		
United Kingdom		
Corporation tax at 30% (2000: 30%)	(320)	265
Underprovision in respect of previous years	(1,597)	-
	<hr/>	<hr/>
	<u>(1,917)</u>	<u>265</u>

CHARTER CONSOLIDATED INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2001 £000	2000 £000
4 Fixed asset investment		
At cost less amounts provided		
Cost opening balance	19,342	19,342
Cost closing balance	<u>19,342</u>	<u>19,342</u>
Exchange provision opening balance	(5,148)	(4,818)
Movement in the year	<u>(1,097)</u>	<u>(330)</u>
Exchange provision closing balance	<u>(6,245)</u>	<u>(5,148)</u>
Closing balance	<u>13,097</u>	<u>14,194</u>
5 Debtors		
Amounts falling due within one year		
Amount owed by immediate parent undertaking	98,472	98,472
Amount owed by fellow subsidiary undertaking	17	17
Taxation	-	492
	<u>98,489</u>	<u>98,981</u>

The amount owed by the immediate parent undertaking is interest free and has no fixed repayment terms.

6 Other creditors - Includes Wankie Colliery Co. Limited - 5 1/2% Debenture Stock 1962/78

The company holds cash amounting to £18,559 as Trustee for the outstanding stockholders of the Wankie Colliery Co. Limited, 5 1/2% Debenture Stock 1962/78.

CHARTER CONSOLIDATED INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2001	2000
	£000	£000
7 Share capital		
Authorised 21,000,000 ordinary shares of £1 each	<u>21,000</u>	<u>21,000</u>
Issued, called up and fully paid 20,011,003 ordinary shares of £1 each	<u>20,011</u>	<u>20,011</u>
8 Reserves		
	Share premium account £000	Profit and loss account £000 Total £000
Opening balance	23,210	53,736 76,946
Deficit for the year	-	(1,997) (1,997)
Closing balance	<u>23,210</u>	<u>51,739 74,949</u>

CHARTER CONSOLIDATED INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9 Contingent liabilities

This Company, along with its ultimate holding company Charter plc, and certain fellow subsidiaries, has been named as a defendant in a number of asbestos-related actions in the United States on the basis that it is allegedly liable for the acts of a former subsidiary of Charter plc, Cape PLC. The Company contests the existence of any such liability. The issue went to trial in three cases involving the Company and certain of its subsidiaries between 1985 and 1987. In the first case, tried in Pennsylvania, after an adverse lower court decision the appeal court gave judgement in the Charter defendants' favour. In the second case, in New Jersey, judgement was also given for the Charter defendants. The third case, in South Carolina, was dismissed for lack of subject matter jurisdiction, without a decision having been rendered on the issue. During recent years, Charter and/or certain of its subsidiaries have been served in a number of cases in Mississippi and a few other states. Charter is seeking dismissals in these pending cases. Upon advice of counsel, Charter has settled some of the cases brought in Mississippi and Charter will continue to pursue dismissals in the remainder. The directors have received legal advice that the Company should be able to defend successfully the actions brought against it, but that uncertainty must exist as to the eventual outcome of the trial of any particular action. It is not practicable to estimate in any particular case the amount of damages which might ensue if liability were imposed on the Company. The litigation is reviewed each year and, based on that review and legal advice, the directors believe that the aggregate of any such liability is unlikely to have a material effect on the Company's financial position. In these circumstances the directors have concluded that it is not appropriate to make any provision in respect of such actions.

10 Ultimate parent company

The company is a subsidiary of Charter Consolidated plc, its immediate controlling party. The company regards Charter plc as its ultimate parent company and controlling party. The parent undertaking of the largest and smallest group of undertakings for which group accounts are prepared and of which the company is a member is Charter plc, 7 Hobart Place, London SW1W 0HH, a company incorporated in the United Kingdom. Copies of its group financial statements are available from its registered office in the United Kingdom.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period 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 disclosed and explained 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 Charter Consolidated Investments Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

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 at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

1 March 2002