

**The Kaolin and Ball Clay
Association (UK)
(Limited by guarantee)**

Directors' report and financial statements

For the year ended 31 March 2007

Company registration number 366883

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The Kaolin and Ball Clay Association (UK) (Limited by Guarantee)

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The Kaolin and Ball Clay Association (UK) **(Limited by Guarantee)**

Directors' report

For the year ended 31 March 2007

The directors present their annual report and the audited financial statements for the year ended 31 March 2007

Principal activities

The company's principal activity is a trade association for the ball clay or china clay and allied and ancillary industries and trades. The company also provides mining searches.

The company's result for the year is shown in the income and expenditure account on page 5.

The subscriptions levied by the directors are determined by reference to the shortfall between income from mining searches and the expenses incurred on behalf of the company.

All surpluses are carried forward to utilise against costs in relation to future issues of the company.

Directors

The directors who served during the year were

Mr A McGowan

Mr C Grigg

Mr WD Brown

Mr G Stringer

Mr AJ Shopland

(resigned 22 December 2006)

(resigned 31 May 2006)

(appointed 4 July 2006)

(appointed 6 February 2007)

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing the re-appointment of Robinson Reed Layton will be put to the Annual General Meeting.

The Kaolin and Ball Clay Association (UK) (Limited by Guarantee)

Directors' report

For the year ended 31 March 2007

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 surplus or deficit for that period. In preparing those financial statements, the directors are required to

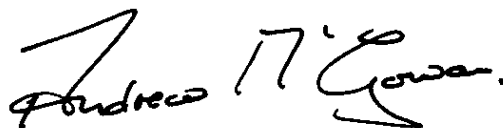
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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.

Statement of disclosure to auditor

- so far as the directors are aware, there is no relevant information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board



Mr A McGowan
Director

Tehidy Centre
Burngullow Lane
High Street
ST AUSTELL
Cornwall
PL26 7TQ

20 June 2007



Mr AJ Shopland
Director

The Kaolin and Ball Clay Association (UK) (Limited by Guarantee)

Independent auditors' report to the members of The Kaolin and Ball Clay Association (UK) (Limited by Guarantee)

We have audited the financial statements of The Kaolin and Ball Clay Association (UK) (Limited by Guarantee) for the year ended 31 March 2007 set out on pages 5 to 9. These financial statements have been prepared under the accounting policies set out therein.

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 director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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.

The Kaolin and Ball Clay Association (UK)
(Limited by Guarantee)

Independent auditors' report
to the members of The Kaolin and Ball Clay Association (UK)
(Limited by Guarantee)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its deficit 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



Robinson Reed Layton
Chartered Accountants
Registered Auditors

Peat House
Newham Road
TRURO
TR1 2DP

9 July 2007

The Kaolin and Ball Clay Association (UK)
(Limited by Guarantee)

Income and expenditure account
For the year ended 31 March 2007

	<i>Notes</i>	2007 £	2006 £
Operating income	3	90,216	78,174
Administrative expenses		(106,794)	(41,627)
		<hr/>	<hr/>
(Deficit)/surplus before taxation		(16,578)	36,547
Taxation	5	2,397	(10,400)
		<hr/>	<hr/>
Retained (deficit)/surplus for the financial year	8	(14,181)	26,147
		<hr/>	<hr/>

The company has no recognised gains or losses other than the (deficit)/surplus for the financial years as shown above

There were no acquisitions or discontinued operations within the company during the years ended 31 March 2007 or 2006

The Kaolin and Ball Clay Association (UK) (Limited by Guarantee)

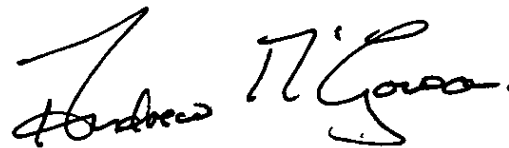
Balance sheet

As at 31 March 2007

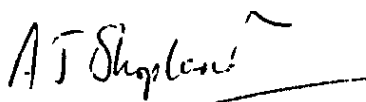
	Notes	2007 £	2006 £
Current assets			
Debtors	6	14,752	3,270
Cash at bank		10,909	58,554
		<hr/>	<hr/>
		25,661	61,824
Creditors: amounts falling due within one year	7	(7,581)	(29,563)
		<hr/>	<hr/>
Net assets		18,080	32,261
		<hr/>	<hr/>
Reserves			
Mortality study reserve	8	10,000	10,000
Income and expenditure account	8	8,080	22,261
		<hr/>	<hr/>
		18,080	32,261
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

These financial statements were approved by the Board of directors on 20 June 2007 and were signed on its behalf by



Mr A McGowan
Director



Mr AJ Shopland
Director

The Kaolin and Ball Clay Association (UK) (Limited by Guarantee)

Notes

(forming part of the financial statements)

1 Company status

The company was incorporated under the Companies Act 1985 as a company limited by guarantee and does not have a share capital

In the event of a winding up of the company the liability of each member towards the debts and liabilities of the company and the costs, charges and expenses of winding up will not exceed £1

2 Accounting policies

The following accounting policies are in accordance with applicable accounting standards and have been applied consistently in dealing with items which are considered material in relation to the accounts

2.1 Accounting convention

The financial statements are prepared under the historical cost convention

2.2 Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size

3 Operating income

Operating income represents amounts derived from the provision of services and charging of subscriptions during the year, exclusive of Value Added Tax

4 (Deficit)/surplus on ordinary activities

	2007	2006
	£	£
<i>(Deficit)/surplus on ordinary activities is stated after charging:</i>		
Auditors' remuneration	604	578

The Kaolin and Ball Clay Association (UK) (Limited by Guarantee)

Notes

(forming part of the financial statements)

5 Taxation

	2007 £	2006 £
Domestic current year tax		
UK corporation tax	-	10,400
Adjustment for prior years	(2,397)	-
	<u>(2,397)</u>	<u>10,400</u>
Current tax charge	<u>(2,397)</u>	<u>10,400</u>
Factors affecting the tax charge for the year		
(Deficit)/surplus on ordinary activities before taxation	(16,578)	36,547
	<u>(16,578)</u>	<u>36,547</u>
(Deficit)/surplus on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0% (2006 19%)	-	6,944
	<u>-</u>	<u>6,944</u>
Effects of		
Non deductible expenses	-	3,450
Adjustments for previous periods	(2,397)	
Other tax adjustments	-	6
	<u>(2,397)</u>	<u>3,456</u>
Current tax charge	<u>(2,397)</u>	<u>10,400</u>

6 Debtors

	2007 £	2006 £
Trade debtors	104	84
Prepayments and accrued income	11,141	3,186
Other debtors	3,507	-
	<u>14,752</u>	<u>3,270</u>

7 Creditors: amounts falling due within one year

	2007 £	2006 £
Other creditors including taxation and Social Security	3,255	17,918
Accruals	4,326	11,645
	<u>7,581</u>	<u>29,563</u>

The Kaolin and Ball Clay Association (UK) **(Limited by Guarantee)**

Notes

(forming part of the financial statements)

8 Statement of movements on reserves

	Mortality study reserve (see below) £	Income and expenditure account £
Balance at 1 April 2006	10,000	22,261
Deficit for the year	-	(14,181)
Transfer	-	-
	<hr/>	<hr/>
Balance at 31 March 2007	10,000	8,080
	<hr/>	<hr/>

The mortality study reserve has been established by the directors to fund a study on the effect of silicosis in the industry

9 Financial commitments

The company has committed to fund a total of £2,500 (2006 £2,500) in respect of a Cornwall Economic Model as undertaken by Cornwall County Council