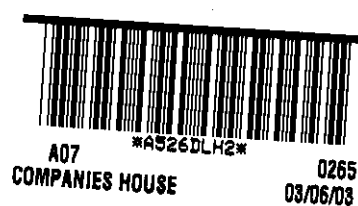


**The Kaolin and Ball Clay
Association (UK)
(Limited by guarantee)**

Directors' report and financial statements

For the year ended 31 March 2003

Company registration number 366883



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 2003

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

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's result for the year is shown in the profit and loss account on page 5.

The company does not trade for profit. The subscriptions levied by the directors are determined by reference to the expenses incurred on behalf of the company.

Directors

The directors who served during the year were:

Mr A McGowan

Mr K Foley

Mr P Larson

Mr C Grigg

(Resigned 19 July 2002)

(Resigned 19 June 2002)

(Appointed 16 June 2002)

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 2003

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 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.

By order of the Board



C Grigg
Director

John Keay House
Tregonissey Road
ST AUSTELL
Cornwall
PL25 4DJ

23 May 2003

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) on pages 5 to 8 for the year ended 31 March 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

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

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom 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.

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 of the state of the company's affairs as at 31 March 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Robinson Reed Layton
Chartered Accountants
Registered Auditors

Peat House
Newham Road
TRURO
TR1 2DP

23 May 2003

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

Profit and loss account

For the year ended 31 March 2003

	<i>Notes</i>	2003 £	2002 £
Operating income	3	15,515	102,749
Administrative expenses		(15,515)	(102,749)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities		-	-
		<hr/>	<hr/>
Retained profit for the financial year		-	-
		<hr/>	<hr/>

The company has no recognised gains or losses other than the profit for the financial years as shown above.

There were no acquisitions or discontinued operations within the company during the years ended 31 March 2003 or 2002.

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


Balance sheet

As at 31 March 2003

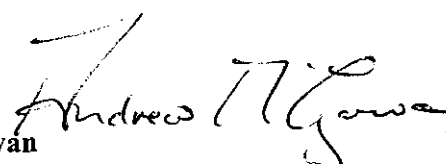
	Notes	£	2003 £	£	2002 £
Current assets					
Debtors	5		2,412		47,333
Cash at bank			24,837		30,156
			<hr/>		<hr/>
			27,249		77,489
Creditors: amounts falling due within one year	6		(27,249)		(77,489)
			<hr/>		<hr/>
Net assets			-		-
			<hr/>		<hr/>
Reserves					
Profit and loss account			-		-
			<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 23 May 2003 and were signed on its behalf by:



C Grigg
Director



Andrew McGowan
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. This includes government grants received totalling £nil (2002: £78,063).

4 Profit on ordinary activities

	2003 £	2002 £
<i>Profit on ordinary activities is stated after charging:</i>		
Auditors' remuneration	500	550
Directors' remuneration	-	-
	<hr/>	<hr/>

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

Notes

(forming part of the financial statements)

5 Debtors

	2003 £	2002 £
Trade debtors	1,088	15,025
Other debtors	-	5,026
Prepayments and accrued income	1,324	27,282
	<u>2,412</u>	<u>47,333</u>

6 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	2,523	57,177
Other creditors including taxation and Social Security	7,280	11,511
Accruals	17,446	8,801
	<u>27,249</u>	<u>77,489</u>

7 Contingent liability

The company has received grants from the DTI amounting to £78,063 re a "study on the economic importance of ball clay". The offer document dated 13 November 2000 states that the DTI reserves the right to withhold all or part of this payment and/or to require part or all of the grant to be repaid should certain conditions not be met by the association.