

CLEVELAND POTASH LIMITED

ANNUAL REPORT & ACCOUNTS

31ST DECEMBER 1993

CLEVELAND POTASH LIMITED
(Registered Number 915392)

ANNUAL REPORT AND ACCOUNTS

31 DECEMBER 1993

CLEVELAND POTASH LIMITED

DIRECTORS' REPORT

The directors of Cleveland Potash Limited submit their report together with the accounts of the company for the year ended 31 December 1993 and the auditor's report thereof.

ACTIVITIES

Mining, processing and marketing of potash and road salt continued to be the company's principal activity in 1993.

REVIEW OF THE BUSINESS

Production and sales improved in 1993 and a profit was transferred to reserves of £7,754,000. Maintaining and improving our trading position will be our objective in the coming year.

Investment in fixed assets is shown in note 11 to the accounts.

The company disposed of its subsidiaries during the year, at no profit or loss.

Events occurring after the end of the financial year are shown in note 25 to the accounts.

The directors propose that no dividend be paid this year.

DIRECTORS

The directors who held office during the year were as follows:

R S Robertson (Chairman)
P C D Burnell (appointed 13 December 1993)
F Chilton
A D Deuchar
J Draper (appointed 13 December 1993)
M W King (resigned 13 December 1993)
A W Lea (appointed 13 December 1993)
T L Pretorius (retired 15 March 1993)
G W H Relly (resigned 13 December 1993)
T C A Wadson (appointed 13 December 1993)

Alternate

A F Pace Bonello (appointed 15 March 1993, resigned 13 December 1993)
G A Wilkinson (appointed 12 February 1992, resigned 13 December 1993)
G J Gibbs (appointed 12 February 1992, resigned 15 March 1993)

There are no directors' interests required to be disclosed by the Companies Act 1985.

CLEVELAND POTASH LIMITED

DIRECTORS' REPORT (CONTINUED)

Owing to the heavy manual nature of the work required, the company has been exempted annually from the requirements of the Disabled Persons (Employment) Act 1944. However, the company's policy is to give fair consideration for recruitment and continued employment to disabled persons within the limits of their aptitudes and abilities.

Over many years the company has introduced, developed and maintained various methods of communication aimed at achieving greater employee involvement and awareness. Regular consultative meetings are held on business performance and other general matters and such meetings will continue to promote employees' views on all matters, including health and safety, employment conditions and pensions. Apart from extensive use of company notice boards letters are written to each employee, normally at six monthly intervals, giving information on the company's financial and business performance, and comments in connection with the economic and financial factors affecting the business.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 21, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

By Order of the Board



J C B Hewett
Secretary
2 March 1994

AUDITORS' REPORT TO THE SHAREHOLDERS OF CLEVELAND POTASH LIMITED

We have audited the financial statements on pages 4 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 1993 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Price Waterhouse', is written over a horizontal line.

Price Waterhouse
Chartered Accountants
and Registered Auditors

2 March 1994

CLEVELAND POTASH LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1993

	<u>Note</u>	<u>1993</u> £'000	<u>1992</u> £'000
TURNOVER	1(3),3	73,189	70,214
Net operating expenses	4	<u>(67,083)</u>	<u>(71,047)</u>
OPERATING PROFIT/(LOSS)		6,106	(833)
Income from fixed asset investments	10	1,720	400
Interest receivable and similar income	7	141	229
Interest payable and similar charges	8	<u>(213)</u>	<u>(291)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	6	7,754	(495)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	9	<u>—</u>	<u>—</u>
PROFIT/(LOSS) FOR THE YEAR TRANSFERRED TO/(FROM) RESERVES		<u>7,754</u>	<u>(495)</u>

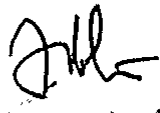
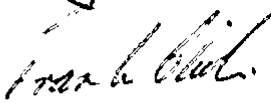
The notes on pages 8 to 21 form part of these accounts.

CLEVELAND POTASH LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1993

	Note	1993		1992	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	11		35,926		36,400
Investments	10		<u>—</u>		<u>9,000</u>
			35,926		45,400
DEBTORS (amounts falling due after more than one year)	12		<u>—</u>		<u>1,500</u>
CURRENT ASSETS					
Stocks	13		6,483		6,842
Debtors	14		15,814		18,499
Cash at bank and in hand	22		<u>1,933</u>		<u>125</u>
			24,230		25,466
CREDITORS (amounts falling due within one year)	15		<u>(6,602)</u>		<u>(8,496)</u>
NET CURRENT ASSETS			<u>17,628</u>		<u>16,970</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			53,554		63,870
CREDITORS (amounts falling due after more than one year)	16		<u>19,635</u>		<u>37,705</u>
CAPITAL AND RESERVES					
Called up share capital	18		37,000		37,000
Reserves	19		<u>(3,081)</u>		<u>(10,835)</u>
			53,554		63,870

The accounts were approved by the Board of Directors on 2 March 1994 and are signed on its behalf by:

R S Robertson)
) Directors
 F Chilton)

The notes on pages 8 to 21 form part of these accounts.

CLEVELAND POTASH LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1993

	Note	1993		1992	
		£'000	£'000	£'000	£'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	20		8,008		4,989
RETURN ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		141		229	
Interest paid		(213)		(291)	
Dividends received		<u>1,720</u>		<u>400</u>	
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			1,648		338
TAXATION			<u>-</u>		<u>-</u>
NET CASH INFLOW BEFORE INVESTING ACTIVITIES AND FINANCING			9,656		5,327
INVESTING ACTIVITIES					
Purchase of tangible fixed assets		(2,541)		(2,810)	
Sale of investments		9,000		-	
Sale of tangible fixed assets		10		21	
Repayment from/(Loan to) group undertaking		<u>5,900</u>		<u>(1,900)</u>	
			<u>12,369</u>		<u>(4,689)</u>
NET CASH INFLOW BEFORE FINANCING			22,025		638
FINANCING					
Repayment of long term loans	23	(18,121)		(2,000)	
Capital repayment of finance leases	23	<u>(304)</u>		<u>(304)</u>	
NET CASH OUTFLOW FROM FINANCING			<u>(18,425)</u>		<u>(2,304)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	21,22		3,600		(1,666)

The notes on pages 8 to 21 from part of these accounts.

CLEVELAND POTASH LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses in the year ended 31 December 1993 other than the retained profit (1992 £NIL).

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<u>1993</u> £'000	<u>1992</u> £'000
Historical cost profit/(loss) on ordinary activities before taxation	<u>7,754</u>	<u>(495)</u>
Historical cost profit/(loss) for the year retained after taxation	<u>7,754</u>	<u>(495)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1993</u> £'000	<u>1992</u> £'000
Profit/(Loss) for the financial year	7,754	(495)
Prior year adjustment (Note 2)	<u>—</u>	<u>(2,240)</u>
Net movement in shareholders' funds	7,754	(2,735)
Opening shareholders' funds	<u>26,165</u>	<u>28,900</u>
Closing shareholders' funds	<u>33,919</u>	<u>26,165</u>

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993

1 ACCOUNTING POLICIES

The following statements indicate the main accounting policies on which the annual accounts have been based.

1 Accounting convention

These accounts are prepared in accordance with applicable accounting standards under the historical cost convention.

2 Foreign currency translation

Assets and liabilities denominated in foreign currency are translated at rates of exchange ruling at the balance sheet date. Gains and losses on settled transactions are recorded in the profit and loss account.

3 Turnover

Turnover represents the invoiced value of sales to customers excluding value added tax.

4 Other operating income

Income represents rents and fees receivable.

5 Depreciation

Assets with finite lives are depreciated on a straight line basis at a rate determined by the remaining estimated useful working lives. Plant and machinery and office equipment are generally depreciated over a period of 5 to 10 years. Land and Buildings and other assets estimated to have lives equivalent to the life of the ore body are depreciated on a unit of depletion method based on the expected recoverable ore reserves. These reserves have been restated with effect from 1 January 1993.

6 Government grants

In line with the charges for depreciation, grants in respect of capital expenditure have been credited to the profit and loss account over the estimated lives of the assets to which they relate.

7 Reclamation

A provision is made for the eventual reclamation of the company's Boulby site based on the estimated cost at 31 December 1993. The calculation uses the unit of depletion method based on the expected recoverable ore reserves.

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

8 Stock valuation

Stocks of raw materials and consumables held for use in the mine or the treatment plant are valued at cost; stocks of finished goods are valued at the lower of cost or net realisable value. No value is attributed to ore stocks held due to practical difficulties connected with measurement and valuation.

9 Leases

Assets obtained under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. Finance lease rentals are apportioned to allocate finance charges to the profit and loss account and the remainder to reduce the net obligations outstanding. Operating lease rentals are charged to the profit and loss account.

10 Pensions

The company operates defined benefit schemes. The pension cost charged to the profit and loss account is calculated by a qualified actuary so as to spread the cost of retirement benefits over the employees' remaining working lives.

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993 (CONTINUED)

2 PRIOR YEAR ADJUSTMENT

An adjustment has been made due to an addition to the company's accounting policies which provides annually for the reclamation of the mine at the end of its expected lifespan.

The prior year comparative figures have been adjusted throughout the accounts to reflect the estimated cost relating to the cumulative period to 31 December 1992 as shown in note 19.

3 TURNOVER

All of the turnover and operating profit arose from the principal activity of the company.

4 NET OPERATING EXPENSES

	<u>Note</u>	<u>1993</u> £'000	<u>1992</u> £'000
Change in stocks of finished goods		(112)	(1,656)
Other operating income		870	922
Raw materials and consumables		(6,583)	(7,155)
Other external charges		(34,928)	(36,585)
Staff costs	5	(23,497)	(22,488)
Provision for doubtful debts		—	(868)
Depreciation		(2,993)	(3,469)
Government grant release		378	466
Reclamation		<u>(218)</u>	<u>(214)</u>
		<u>(67,083)</u>	<u>(71,047)</u>

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993 (CONTINUED)

5 STAFF COSTS

	<u>1993</u> £'000	<u>1992</u> £'000
Salaries	20,953	20,388
Social security costs	1,705	1,600
Pension costs	<u>839</u>	<u>500</u>
	<u>23,497</u>	<u>22,488</u>
Average number of employees	<u>965</u>	<u>962</u>

Directors' emoluments

Emoluments of the only director paid by the company were:

	<u>1993</u> £'000	<u>1992</u> £'000
Total emoluments	<u>105</u>	<u>105</u>

The other directors, including the chairman, received no emoluments in respect of their services to the company (1992 – £Nil).

6 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(Loss) on ordinary activities before taxation is stated after the following amounts have been charged to the profit and loss account:

	<u>1993</u> £'000	<u>1992</u> £'000
Operating lease (Teesdock)	966	960
Commissions payable	809	797
Hire of plant and machinery	221	307
Auditors' remuneration	<u>17</u>	<u>18</u>

Non audit services supplied by the company's auditors during the year amounted to £9,000 (1992 – £7,000).

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993 (CONTINUED)

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1993</u> £'000	<u>1992</u> £'000
Bank interest	96	68
Interest from group undertakings	–	78
Other interest	<u>45</u>	<u>83</u>
	<u>141</u>	<u>229</u>

8 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1993</u> £'000	<u>1992</u> £'000
Interest payable on bank loans and other loans repayable within five years	76	92
Finance lease charges	<u>137</u>	<u>199</u>
	<u>213</u>	<u>291</u>

9 TAXATION

The taxable loss carried forward at 31 December 1993 was £90m (1992 – £96m).
The potential of liability for deferred taxation is fully covered by losses brought forward and therefore no provision has been made.

10 INVESTMENTS

	<u>Interests in subsidiary undertakings</u> £'000
Cost	
At 1 January 1993	9,000
Disposals	<u>(9,000)</u>
At 31 December 1993	<u>–</u>

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993 (CONTINUED)

10 INVESTMENTS (CONTINUED)

The company held interests in the following undertakings during the year:

<u>Subsidiary undertakings</u>	<u>Business</u>	<u>Country of registration</u>	<u>Shareholdings (as a percentage of issued share capital)</u>	
			<u>At 31/12/92</u>	<u>At 31/12/93</u>
Viaduct Corporate Investments Limited	Investment in listed companies	England	100%	—
Viaduct Portfolio Management Limited (held by Viaduct Corporate Investments Limited)	Pension fund asset management	England	100%	—
Viaduct Estates Limited	Property investments	England	100%	—
<u>Associated undertakings</u>				
Constantine (Exports) Limited	Freight	England	50%	50%

The disposal of all three subsidiary undertakings on the 7 September 1993 resulted in neither profit nor loss.

The subsidiary undertakings retained profit for the period prior to disposal as listed below:—

	£'000
Viaduct Estates Limited	3
Viaduct Corporate Investments Limited	3
Viaduct Portfolio Management Limited	20

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993 (CONTINUED)

11 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and machinery £'000	Fittings and office equipment £'000	Mining works £'000	Total £'000
Cost					
At 1 January 1993	12,467	46,229	130	17,079	75,905
Additions – owned	–	2,541	–	–	2,541
Disposals	–	(45)	–	–	(45)
At 31 December 1993	12,467	48,725	130	17,079	78,401
Accumulated depreciation					
At 1 January 1993	5,772	24,989	109	8,634	39,504
Provision for 1993					
– owned	421	1,813	2	621	2,857
– leased	–	136	–	–	136
Disposals	–	(22)	–	–	(22)
At 31 December 1993	6,193	26,916	111	9,255	42,475
Net book Value					
At 31 December 1993	6,274	21,809	19	7,824	35,926

Included in tangible fixed assets are leased assets at a cost of £3,008,000 (1992 – £3,008,000) which have attracted accumulated depreciation of £1,457,000 (1992 – £1,321,000).

Capital expenditure amounting to £0.8m (1992 – £0.1m) has been contracted but is not provided for in these accounts and the directors have authorised further expenditure of £0.5m (1992 – £0.2m).

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993 (CONTINUED)

12 DEBTORS (amounts falling due after more than one year)

	<u>1993</u> £'000	<u>1992</u> £'000
Owed by subsidiary undertaking	<u>–</u>	<u>1,500</u>

13 STOCKS

	<u>1993</u> £'000	<u>1992</u> £'000
Raw materials and consumables	3,400	3,647
Finished goods and goods for resale	<u>3,083</u>	<u>3,195</u>
	<u>6,483</u>	<u>6,842</u>

14 DEBTORS (amounts falling due within one year)

	<u>1993</u> £'000	<u>1992</u> £'000
Trade debtors	14,995	13,077
Owed by subsidiary undertakings	–	3,871
Owed by ultimate parent undertaking	–	529
Other debtors	–	293
Prepayments and accrued income	<u>819</u>	<u>729</u>
	<u>15,814</u>	<u>18,499</u>

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993 (CONTINUED)

15 CREDITORS (amounts falling due within one year)

	<u>1993</u> £'000	<u>1992</u> £'000
Bank overdraft	–	1,792
Trade creditors	2,086	3,687
Owed to related undertakings	70	38
Other creditors	943	558
Accruals and deferred income	3,199	2,117
Net obligations under finance leases (Note 17)	<u>304</u>	<u>304</u>
	<u>6,602</u>	<u>8,496</u>

Drawings against the companys' bank overdraft facility were secured against stocks and debtors.

16 CREDITORS (amounts falling due after more than one year)

	<u>1993</u> £'000	<u>1992</u> £'000
Bank loan	400	400
Amounts owed to member companies:		
Unsecured loan stock	10,741	15,242
Loan accounts	–	13,620
Government grants	4,770	5,148
Net obligations under finance leases (Note 17)	111	414
Reclamation provision	2,672	2,454
Pension contributions	<u>941</u>	<u>427</u>
	<u>19,635</u>	<u>37,705</u>

The unsecured loan stock is subordinated to other unsecured creditors.

The bank loan is secured on a freehold property.

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993 (CONTINUED)

17 OBLIGATIONS UNDER FINANCE AND OPERATING LEASES

Finance lease obligations

	£'000
Finance leases due:	
Within one year (Note 15)	304
Between one and five years (Note 16)	<u>111</u>
	<u>415</u>

The outstanding lease liabilities are secured on freehold land and buildings and fixed plant and machinery.

18 CALLED UP SHARE CAPITAL

	<u>1993</u> £'000	<u>1992</u> £'000
Authorised, issued, allotted and fully paid:		
Ordinary shares of £1 each	7,000	7,000
10% redeemable participating preference shares of £1 each	<u>30,000</u>	<u>30,000</u>
	<u>37,000</u>	<u>37,000</u>

Redemption of the preference shares for which no dates are fixed and no premium payable is at the option of the company.

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993 (CONTINUED)

19 RESERVES

	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 January 1993 as previously reported	2,123	(10,504)	(8,381)
Prior year adjustment (Note 2)	–	(2,454)	(2,454)
Restated reserves at 1 January 1993	2,123	(12,958)	(10,835)
Retained profit for the year	–	7,754	7,754
At 31 December 1993	2,123	(5,204)	(3,081)

20 RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1993 £'000	1992 £'000
Operating profit/(loss)	6,106	(833)
Depreciation	2,993	3,469
Government grant release	(378)	(466)
Reclamation provision	218	214
Pension contributions	514	421
Other items	11	7
Decrease in stocks	359	1,371
(Increase)/decrease in debtors	(1,715)	161
(Decrease)/increase in creditors	(100)	645
Net cash inflow from operating activities	8,008	4,989

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993 (CONTINUED)

21 ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	£'000
Balance at 1 January 1993	(1,667)
Net cash inflow	<u>3,600</u>
Balance at 31 December 1993	<u>1,933</u>

22 ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1993</u> £'000	<u>1992</u> £'000	<u>Change</u> <u>in year</u> £'000
Cash at bank and in hand	1,933	125	1,808
Bank overdraft	<u>-</u>	<u>(1,792)</u>	<u>1,792</u>
	<u>1,933</u>	<u>(1,667)</u>	<u>3,600</u>

23 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>Finance</u> <u>Leases</u> £'000	<u>Loans</u> £'000
Balance at 1 January 1993	719	28,862
Capital repayments	<u>(304)</u>	<u>(18,121)</u>
Balance at 31 December 1993	<u>415</u>	<u>10,741</u>

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993 (CONTINUED)

24 PENSIONS

The company operates pension schemes to provide final salary benefits for all its permanent employees. The schemes are set up under trust and their assets are therefore held separately from the company's resources.

The pension costs are based on the actuarial valuations of the schemes which were completed with an effective date of 30 June 1993. The valuations were carried out using the projected unit method for the main plan and the attained age method for the managers' plan.

The most significant assumptions are set out below:

the investment returned used was 9% pa
the rate of earnings increase was 7% pa and
pensions in excess of the guaranteed minimum pension
were assumed to increase at the rate of 5% pa in payment

In deriving the pension cost, the surplus in the schemes is spread as a fixed amount over the future working lifetime of the existing members.

The total contributions paid by the company in respect of the year ended 31 December 1993 amounted to £325,000 (1992 – £79,000), while the net amount charged to the Profit and Loss Account was £839,000 (1992 – £500,000). This resulted in a balance sheet provision of £941,000 (1992 – £427,000).

The most recent valuations showed the market value of the schemes' investments was £46,670,000 and that the actuarial value of these assets represented 125% of the benefits that had accrued to members of the schemes, after allowing for the future earnings increases, and a change in the assumption on male retirement age, but before allowing for benefit improvements in 1993.

25 EVENTS OCCURRING AFTER THE END OF THE YEAR

- i) Since the end of the year, the unsecured loan stock of £10,741,000 has been refinanced. The new unsecured loan stock is subordinated to other unsecured creditors and is interest bearing at 0.75% above LIBOR.
- ii) The lease agreement for the use of the dock facility in Middlesbrough expires on 17 March 1994. The company intends exercising its option to renew the lease and negotiations have commenced regarding a new agreement.

26 ULTIMATE PARENT UNDERTAKING

Minorco SA, a company incorporated in the Grand Duchy of Luxembourg, is the ultimate parent undertaking.

CLEVELAND POTASH LIMITED

NOTES TO THE ACCOUNTS – 31 DECEMBER 1993 (CONTINUED)

27 GROUP FINANCIAL STATEMENTS

The group financial statements of the ultimate parent undertaking may be obtained from the Company Secretary, 9 rue Sainte Zithe, L-2763 Luxembourg City, Grand Duchy of Luxembourg.