Registered Number 1102042

Coal Products Limited

Annual Report

for the year ended 31 March 2021

Coal Products Limited

Contents

Coal Products Limited
Directors and advisers
for the year ended 31 March 2021

Directors
T W Minett
A Bishop
J Sutton
S Anson
J Glover

Registered office
Westthorpe Fields Road
Killamarsh
Sheffield
S21 1TZ

Independent auditors
RSM UK Audit LLP
3 Hardman Street
Manchester
M3 3HF

Solicitors
DLA Piper UK LLP
1 St Paul's Place
121 Norfolk Street
Sheffield
S1 2JX

Bankers
Lloyds Bank plc
14 Church Street
Sheffield
S1 1HP

Coal Products Limited
Strategic Report
for the year ended 31 March 2021

The directors present the Strategic Report for the year ended 31 March 2021.

Review of business and future developments
The profit and loss account for the year is set out on page 11. The profit before taxation was £2.2m (2020: £2.0m loss). During the year the Company incurred costs associated with restructuring, redundancy and other exceptional costs of £0.2m (2020: £0.3m).

The directors consider that both the level of business and the year-end financial position remain satisfactory. CPL Industries Group Limited and its subsidiaries (together the "Group"), of which the Company is a member, is managed and the strategy set at Group level rather than at an individual business unit level, therefore further review of the business, future developments and consideration of financial and non-financial KPI's are included in the financial statements of CPL Industries Group Limited.

Principal risks and uncertainties
The key risks affecting the Company are:

Weather: As most of the Company's sales are weather sensitive, leading to unpredictable demand, the Company requires a flexible operating structure. Achieving this flexibility is constantly under review to ensure the Company can take maximum benefit from favourable weather conditions and minimise the impact of adverse weather conditions.

Global markets: The Company is subject to volatility of price and availability from global markets for its main raw material and energy requirements. These risks are managed through flexible sourcing and securing supply contracts.

Foreign currency: The Company has contracts for both the supply of raw material and the sale of finished goods in currencies other than it functional currency. It is the policy of CPL Industries Group Limited to hedge material net exposures to cash transactions in foreign currencies, usually through the use of a foreign exchange forward contract.

Covid-19: The Company has experienced some adverse impact of the Coronavirus COVID-19 on its business, including on the demand for its products, access to customer sites, supply chain, workforce and working capital. Given the Company's continual provision of essential products both to domestic and commercial users, no further significant negative impacts are anticipated but the Company has put in place measures to keep the situation under constant review.

Financial key performance indicators
The directors of CPL Industries Group Limited manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that an analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Coal Products Limited. The development, performance and position of the Company are discussed on page 3 of the Group's annual report, which does not form part of this report.

Coal Products Limited
Strategic Report
for the year ended 31 March 2021 continued

Employment policies
The Company pursues a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others, having regard to the aptitudes and abilities of each applicant. Efforts are made to enable employees who become disabled during their employment to continue their careers with the Company. Training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees who are not disabled. The Company recognises the high standards required to ensure the health, safety and welfare of its employees at work, its customers and the general public. The policies and KPI's are regularly reviewed with the objective of ensuring these standards are met.

Section 172 (1) statement
The directors have the duty to promote the success of the Company for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers and the environment. The directors focus on engagement with all stakeholders and use this when taking decisions.

Long-term factors
The Company's strategy is to focus on core business performance while taking full advantage of opportunities in strategically important areas and product sectors. To this end, the directors have a developed a long-term plan which extends to 2025 and which the directors are committed to achieving. This plan requires the Company to improve the efficiency of its business processes, to develop and market innovative products and to maintain a firm control over operating costs.

Employee considerations
The policy of the directors is to encourage the involvement of all employees in the development and performance of the Group. The Group communicates its strategy and performance against its business plan through a program of employee presentations. Consultation also takes place between the Group and recognised trade unions.

Other stakeholder considerations
The directors believe that building and maintaining successful partnerships with all the Group's stakeholders is essential to the continued success of the business. The Group engages in regular dialogue with customers, suppliers and local communities in order to explain its objectives and to hear the views and concerns of the stakeholders, which are treated as an important part of the Group's decision-making process.

Environmental considerations
The directors recognise that the Company has a duty to protect the environment and its core long-term strategy is aligned to the achievement of this. By developing, manufacturing and marketing low-smoke fuels and fuels with increasing proportions of biomass and other renewable content we believe that we are making a significant contribution to the effort against climate change. We also strive to minimise our environmental footprint by operating as efficiently as possible and by ensuring that no opportunities to recycle waste products and packaging are ignored.

Business Conduct
The policy of the directors is to behave responsibly and ensure that management operate the business in a responsible manner and with the highest standards of business conduct and good governance expected for a business such as ours. Policies and procedures in this regard are regularly reviewed to ensure these standards are maintained.

Act fairly for members
The Company has a single shareholder and a single ultimate controlling party. The interests of the shareholder are taken into account by the board in all decision making.

Research and development

The Company maintains a central research and development facility, which is focused on the development of fuels with reduced carbon dioxide emissions.

Energy and carbon reporting

The Company's energy consumption and greenhouse gas emissions, together with its Streamlined Energy and Carbon Reporting obligations are included in the annual report of CPL Industries Group Limited.

COVID-19

As with all businesses, COVID-19 has had an adverse impact on the Company. Despite this, the Company has traded well over its financial year to March 2021 and continues to trade well into the year to March 2022. Given this the directors do not anticipate COVID-19 having any further material adverse impact on the Company as a whole in the future.

The continual provision of essential products, such as home heating products, to consumers throughout the pandemic is vital and right across the business the CPL workforce have shown real dedication to ensuring that our customers continue to have the products they require. The long term effect of the pandemic on the economy remains uncertain and the Group continues to monitor its impact on the business and will continue to follow all recommendations issued by the government.

Going Concern

The Group has long-standing financing arrangements with a number of lenders, the most significant of which is Lloyds Bank plc, who have recently entered into a new Revolving Credit Facility and Asset Based Lending Facility with the Group which expires on 31 March 2023.

Post-balance sheet events

The Group's existing facilities with Lloyds Bank plc were due to expire on 31 March 2022. On 6 September 2021 the facilities were renewed on broadly similar terms, with repayment due on 31 March 2023.

Approved and signed on behalf of the board

J Sutton
Director
2 November 2021

Coal Products Limited
Directors' Report
for the year ended 31 March 2021

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Principal activities
The principal activities of the Company are the manufacture and sale of solid fuel briquettes and smokeless fuels. The Company also provides ceramic welding services for operators of coke ovens.

Dividends
No interim dividend was paid during the year (2020: £8.7m). The directors do not recommend the payment of a final dividend (2020: £nil).

Directors
The directors of the Company who served during the year and up to the date of signing the financial statements (unless otherwise stated), are listed below:

T W Minett	
A Bishop	
J Sutton	
S Anson	(appointed 23 August 2021)
J Glover	(appointed 23 August 2021)

In accordance with the Articles of Association, there is no requirement for directors to retire by rotation.

Future developments
Details regarding the future developments within the Company are disclosed within the Strategic Report.

Financial risk management
Details of the Company's financial risk management policies are noted in the financial statements of CPL Industries Group Limited.

Financial instruments
Use of derivatives:

The Company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency. The Company also uses interest rate swaps to adjust interest rate exposures in order to guarantee fixed interest payments where payments are variable and hence exposed to interest rate movements. Hedge accounting is used when certain criteria are met as explained in the accounting policy in Note 1 to the financial statements.

Exposure to price, credit, liquidity and cash flow risk:

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices. The Company's investments are held at net asset value and are therefore not exposed to price risk.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company policies are aimed at minimising such losses and require that deferred payment terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the Company's debtors are shown in Note 15 to the financial statements.

Coal Products Limited
Directors' Report
for the year ended 31 March 2021 continued

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk via revolving credit facilities and long term debt.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised liability, such as future interest payments on variable rate debt, or future transactions in foreign currencies. The Company manages these risks, where significant, by the use of derivatives as explained above.

Principle risks and uncertainties
Details regarding the principle risks and uncertainties affecting the Company are disclosed within the Strategic Report

Research and development
Details regarding the research and development activities of the Company are disclosed within the Strategic Report.

Corporate and Employee Governance
Details regarding the corporate and employee governance standards adopted by the Company are disclosed within the Strategic Report

Energy and carbon reporting
Details regarding the energy and carbon reporting of the Company are disclosed within the Strategic Report

Post-balance sheet events
Details regarding post-balance sheet events are disclosed within the Strategic Report.

Independent auditors and disclosure of information to auditors
So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. Relevant information is defined as information needed by the Company's auditors in connection with preparing their report. Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty 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.

A resolution to reappoint RSM UK Audit LLP as auditors of the Company will be proposed at the next general meeting.

On behalf of the board

J Sutton
Director
2 November 2021

Coal Products Limited

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations
In the case of each director in office at the date the Directors' Report is approved:

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

On behalf of the board

J Sutton
Director
2 November 2021

Coal Products Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COAL PRODUCTS LIMITED

Opinion

We have audited the financial statements of Coal Products Limited (the 'company') for the year ended 31 March 2021 which comprise the profit and loss account, statement of comprehensive income, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Coal Products Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COAL PRODUCTS LIMITED
continued

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and existence of revenues as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied by management and substantive tests of detail on revenues recorded.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

RSM UK Audit LLP

ALASTAIR JOHN RICHARD NUTTALL (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF
2 November 2021

Coal Products Limited
Profit and loss account
for the year ended 31 March 2021

	Note	2021	2020
		£'m	£'m
Turnover	3	**53.3**	51.5
Operating expenses	4	**(51.0)**	(52.0)
Exceptional operating expenses	4	**(0.2)**	(1.4)
		(51.2)	(53.4)
Operating profit / (loss)		**2.1**	(1.9)
Net interest receivable / (payable)	7	**0.1**	(0.1)
Profit / (loss) before taxation	8	**2.2**	(2.0)
Tax on profit / (loss)	9	**0.6**	0.9
Profit / (loss) for the financial year		**2.8**	(1.1)

In arriving at the operating loss, all items dealt with relate to continuing operations.

The notes to the financial statements on pages 15 to 40 form an integral part of these financial statements.

Coal Products Limited
Statement of comprehensive income
for the year ended 31 March 2021

	Note	2021 £'m	2020 £'m
Profit / (loss) for the financial year		**2.8**	(1.1)
Other comprehensive (expense) / income :			
Remeasurement of net defined benefit obligation	20	**(2.8)**	1.3
Cash flow hedges:			
Change in value of hedging instruments	21	**(0.3)**	0.2
Total tax on components of other comprehensive (expense) / income	9	**0.5**	(0.2)
Other comprehensive (expense) / income for the year net of tax		**(2.6)**	1.3
Total comprehensive income for the year		**0.2**	0.2

The notes to the financial statements on pages 15 to 41 form an integral part of these financial statements.

Coal Products Limited
Balance sheet
as at 31 March 2021

	Note	2021 £'m	2020 £'m
Fixed assets			
Intangible assets	10	**0.5**	0.6
Tangible assets	11	**6.3**	14.5
Investments	12	**-**	-
Retirement benefit in surplus	20	**3.9**	6.1
		10.7	21.2
Current assets			
Inventories	14	**5.3**	6.3
Debtors	15	**70.2**	55.4
Assets under sale	16	**4.0**	4.0
		79.5	65.7
Creditors: amounts falling due within one year	17	**(76.8)**	(73.3)
Net current assets / (liabilities)		**2.7**	(7.6)
Total assets less current liabilities		**13.4**	13.6
Creditors: amounts falling due after one year	18	**(0.1)**	-
Provisions for liabilities	19	**(2.2)**	(2.7)
Net assets		**11.1**	10.9
Capital and reserves			
Called up share capital	21	**5.0**	5.0
Other reserves		**0.1**	0.1
Profit and loss account		**6.0**	5.8
Total shareholders' funds		**11.1**	10.9

The financial statements on pages 11 to 41 were approved by the board of directors on 2 November 2021 and were signed on its behalf by:

J Sutton
Director
Coal Products Limited
Registered number: 1102042

Coal Products Limited
Statement of changes in equity
for the year ended 31 March 2021

	Note	Called up share capital	Other reserves	Profit and loss account	Total shareholders' funds
		£'m	£'m	£'m	£'m
Balance at 1 April 2019		5.0	0.1	14.3	19.4
Loss for the financial year	-	-	-	(1.1)	(1.1)
Dividends paid		-	-	(8.7)	(8.7)
Other comprehensive income for the year		-	-	1.3	1.3
Total comprehensive expense for the year		-	-	(8.5)	(8.5)
Balance at 31 March 2020		5.0	0.1	5.8	10.9
Balance at 1 April 2020		5.0	0.1	5.8	10.9
Profit for the financial year		-	-	2.8	2.8
Other comprehensive expense for the year		-	-	(2.6)	(2.6)
Total comprehensive income for the year		-	-	0.2	0.2
Balance at 31 March 2021		**5.0**	**0.1**	**6.0**	**11.1**

Coal Products Limited
Notes to the financial statements
for the year ended 31 March 2021

1 Accounting policies

Statement of compliance
The financial statements of Coal Products Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The Company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is Westthorpe Fields Road, Killamarsh, Sheffield, S21 1TZ.

Basis of preparation and going concern
These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities at fair value and are prepared in sterling, which is the functional currency of the Company, rounded to the nearest £0.1m.

The directors believe that preparing the financial statements on the going concern basis is appropriate following a review of the Company's financial forecasts and the continued support of CPL Industries Group Limited ("the Group").

The directors have considered the adequacy of the Group's financial resources through a review of the financial projections for the business and taking into account the refinancing of the Group's principal debt facilities post year end.

The Group's existing facilities with Lloyds Bank plc were due for renewal on 31 March 2022. On 6 September 2021 the Group entered into a new Revolving Credit Facility and a new Asset Based Lending Facility with Lloyds Bank plc which expires on 31 March 2023.

After careful consideration the directors are satisfied that the Group has adequate financial resources and actions available to undertake as necessary to continue in operation for the foreseeable future being at least twelve months from the date of signing the financial statements.

Following the global outbreak of the Coronavirus COVID-19 in January 2020, we continue to monitor the situation closely. We have followed all recommendations issued by the government and the NHS and will continue to do so in order to protect CPL staff and the wider community.

The directors have considered the impact of Coronavirus COVID-19 on the business, including supply chain, workforce, working capital and they do not expect this to have significant negative impact to the ongoing business.

The principal accounting policies, which have been applied consistently throughout the year, are set out below:

Exemption from preparing consolidated financial statements
The financial statements contain information about Coal Products Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is a subsidiary of a group which has prepared publicly available consolidated financial statements.

1 Accounting policies continued

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. The Company has taken advantage of the following exemptions:

i. from preparing a statement of cash flows, on the basis that it is a qualifying entity and the cash flows of the Company are included in the consolidated group cash flow statement of CPL Industries Group Limited;
ii. from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
iii. from disclosing the Company key management personnel compensation as required by FRS 102 paragraph 33.7.

Business combinations and goodwill

Goodwill recognised represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill is capitalised within intangible assets and is eliminated by amortisation through the profit and loss account over its useful economic life (being the period over which the directors have assessed for each acquisition that benefits can be expected). Where the Company is unable to make a reliable estimate of its useful life, goodwill is amortised over a period not exceeding ten years.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost or valuation less accumulated depreciation and impairment. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal useful lives used for this purpose are:

Freehold and short leasehold buildings	50 years or over period of lease if less than 50 years
Industrial buildings	40 years or over period of lease if less than 40 years
Plant and machinery	2 - 20 years

Freehold land is not depreciated.

Assets under construction commence depreciation when they are brought into use.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software 3 – 5 years

Amortisation is charged to Operating expenses in the profit and loss account.

Where factors such as technological advancement or changes in market price indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

1 Accounting policies continued

Assets held for sale
Assets held for sale represents properties which the Company anticipates will be disposed of in the foreseeable future. Assets held for sale are held at the lower of cost and the expected recoverable amount based on valuations and terms of sale negotiated.

Fixed asset investments
Fixed asset investments are held at cost less provision for permanent diminution in value. Investments in foreign subsidiaries are revalued for movements in exchange rates at each year end. Any movement in the value of the investment is taken directly to reserves as per section 30 of FRS 102.

Research and development
Expenditure on research and development is charged to revenue in the year in which it is incurred. Capital expenditure on research establishment buildings, facilities and equipment is written off over their expected useful lives.

Operating leases
Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Inventories - raw materials and consumable stores
Stocks of raw materials, including materials in transit, are valued at the lower of cost to the operating entity holding the stock prior to processing and net realisable value. Stocks of consumable stores are generally valued at standard purchase prices. A specific provision is held to cover latent obsolescence, damages and redundant stocks.

Inventories - finished goods and goods for resale
Finished goods and goods for resale are valued at the lower of the cost at the time of production or the cost of purchase, and the net realisable value, at the balance sheet date. In the case of manufactured products, cost includes all direct expenditure and production costs. To arrive at net realisable value, undistributed stocks of manufactured fuels are valued at current net selling price less specific provisions for loss of weight or degradation in size and quality.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account.

Foreign currencies
Functional and presentation currency
The Company's functional currency is the pound sterling. These financial statements are presented in pounds sterling and rounded to the nearest £0.1 million.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

1 Accounting policies continued

Foreign currencies continued

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'Net interest payable'. All other foreign exchange gains and losses are presented in the profit and loss account within 'Operating expenses'.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes. Revenue from product sales is recognised upon despatch to the customer or, in the case of goods supplied ex-works, upon collection by the customer or agent.

The Company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Company retains no continuing involvement or control over the goods; (c) the amount of revenue can be measured reliably and (d) it is probable that future economic benefits will flow to the Company.

Deferred taxation

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service arises.

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in a personal pension plan arrangement. The pension cost charge disclosed in Note 19 represents contributions payable by the Company to the plan.

1 Accounting policies continued

Employee benefits continued
The Company also operates a number of defined benefit pension schemes, the assets of which are held separately from those of the Company in funds independently administered by the respective trustee boards. All defined benefit pension schemes operated by the Company are closed to new entrants and the defined benefit section of the CPL Industries Pension Plan has been closed to future accruals of benefit since 30 April 2004.

The funds are valued every three years by a professionally qualified independent actuary with the rates of contribution payable being determined by the actuary. In the intervening years, the actuary reviews the continuing appropriateness of the rates.

The surplus recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date. The Company recognises a plan surplus as a defined benefit asset only to the extent that it is recoverable through reduced future contributions or refunds from the plan.

The defined benefit obligation is measured using the projected unit actuarial method and is discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability.

Defined benefit pension schemes
The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit obligation'.

The cost of the defined benefit plan, recognised in the profit or loss account as staff costs, except where included in the cost of an asset, comprises:

(a) the increase in pension benefit obligation arising from employee service during the period; and
(b) the cost of plan introductions, benefit charges, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the profit and loss account as 'Other finance income'.

Annual bonus plans
The Company operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plans as a result of past events and when a reliable estimate of the obligation can be made.

Other employee benefits
The Company provides other post-retirement benefits to its employees in the form of concessionary fuels. The provision is calculated as the future cost of providing concessionary fuels on retirement to all eligible current and former employees net of taxation amounts recoverable. The provision is discounted over the average expected period of providing the benefit.

1 Accounting policies continued

Provisions
Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

Related party transactions
The Company discloses transactions with related parties which are not wholly owned by the Group. It does not disclose transactions with CPL Industries Group Limited and fellow subsidiary undertakings.

Exceptional items
Exceptional items are disclosed separately in the financial statements where it is necessary in order to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Financial instruments
The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets
Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit and loss account, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including foreign exchange contracts and interest rate swaps, are not basic financial instruments.

1 Accounting policies continued

Financial instruments continued

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. Changes in the fair value of derivatives are recognised in the profit and loss account as net interest income or expense, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Hedging arrangements

The Company applies hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

The Company also applies hedge accounting for transactions entered into in order to manage the cash flow exposure of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge) is recognised in the profit and loss account.

The gain or loss recognised in other comprehensive income is reclassified to the profit and loss account when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires; no longer meets the hedging criteria; the forecast transaction is no longer probable; the hedged debt instrument is derecognised or the hedging instrument is terminated.

2 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Pension and other post-employment benefits: The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excess credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on future inflation rates for the respective country. Further details are given in Note 20.

Concessionary fuel in retirement: The Company has an obligation to certain former employees to provide concessionary solid fuel in retirement. This provision is based on the advice of actuaries and updated annually. Further details are given in Note 19.

Goodwill and intangible assets: The Company establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business; the expected useful life of the cash generating units to which the goodwill is attributed; any legal, regulatory or contractual provisions that can limit the useful life; and assumptions that market participants would consider in respect of similar businesses.

Impairment of non-current assets: Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows include neither restructuring activities to which the Company is not yet committed, nor significant future investments which would enhance the performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

2 Critical accounting judgements and estimation uncertainty
continued

Key accounting estimates and assumptions continued

Provisions: Provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Taxation: Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in Note 9.

3 Turnover

Geographical analysis by destination:	2021 £'m	2020 £'m
United Kingdom	**49.1**	46.6
Europe	**2.7**	2.1
Rest of the world	**1.5**	2.8
	53.3	51.5

All turnover relates to the sale of goods.

4 Operating expenses

	2021 £'m	2020 £'m
Raw materials and consumables	**36.4**	34.8
Other operating charges	**8.0**	9.7
Staff costs (Note 6)	**5.2**	5.2
Depreciation of tangible assets (Note 10)	**1.3**	2.1
Amortisation of intangible assets (Note 10)	**0.1**	0.2
	51.0	52.0
Exceptional operating expenses	**0.2**	1.4
	51.2	53.4

4 Operating Expenses continued

Exceptional operating expenses comprise:	**2021**	2020
	£'m	£'m
Exceptional manufacturing costs	-	1.1
Restructuring, redundancy and other	**0.2**	0.3
	0.2	1.4

During the year the Company incurred costs associated with restructuring, redundancy and other exceptional costs of £0.2m (2020: £0.3m).

During the year to 31 March 2020 the Company incurred exceptional manufacturing costs of £1.1m at its Immingham production site due to an outbreak of tropical mould.

5 Directors' emoluments

One of the directors received emoluments in respect of their directorships of Coal Products Limited during the year (2020: two). The aggregate emoluments amounted to £120,000 (2020: £332,000). Contributions of £10,000 (2020: £11,000) were made to a defined contribution pension scheme on behalf of one (2020: two) of the directors.

The emoluments paid to the highest paid director were £120,000 (2020: £213,000). As part of these emoluments, the highest paid director received £8,000 (2020: £nil) under an incentive programme for achieving certain financial targets.

Retirement benefits are accruing to one director (2020: two) under the Company's defined benefit scheme.

T W Minett and J Sutton received no emoluments for provision of their services to Coal Products Limited (2020: £nil). The total emoluments of T W Minett and J Sutton are included in the aggregate of directors' emoluments disclosed in the financial statements of CPL Industries Limited, the same as in the year to 31 March 2020.

6 Employee information

The average monthly number of persons (including executive directors) employed by the Company during the year was:

By activity	**2021**	2020
	Number	Number
Production	**68**	77
Selling and distribution	**8**	14
Administration	**13**	13
	89	104

Staff costs (for the above persons)	**2021**	2020
	£'m	£'m
Wages and salaries	**4.2**	4.2
Social security costs	**0.5**	0.5
Other pension costs (note 20)	**0.5**	0.5
	5.2	5.2

7 Net interest payable

	2021	2020
	£'m	£'m
Interest payable and similar expenses		
Other interest payable	-	(0.2)
	-	(0.2)
Interest receivable and similar income		
Other finance income	**0.1**	0.1
	0.1	0.1
Net interest receivable / (payable)	**0.1**	(0.1)

8 Profit / (loss) before taxation

	2021 £'m	2020 £'m
Profit / (Loss) before taxation is stated after charging:		
Amortisation of intangible assets (Note 10)	**0.1**	0.2
Depreciation of tangible assets (Note 11)	**1.3**	2.1
Operating lease payments		
- land and buildings	**0.7**	0.7
- plant and machinery	**0.4**	0.5
Research and development expenditure	**0.4**	0.4
Services provided by the Company's auditors:	**£'000**	£'000
- Fees payable for the audit	**45**	58

9 Tax on profit / (loss)

Tax income included in profit /(loss)	2021 £'m	2020 £'m
Current tax:		
United Kingdom corporation tax on profit / (loss) for the year	**0.6**	0.6
Adjustment in respect of prior years	**(0.1)**	0.3
Total current tax	**0.5**	0.9
Deferred tax:		
Origination and reversal of timing differences	**0.1**	-
Total deferred tax	**0.1**	-
Tax on profit / (loss)	**0.6**	0.9

9 Tax on profit / (loss) continued

Tax income included in other comprehensive (expense) / income	2021 £'m	2020 £'m
Deferred tax:		
Origination and reversal of timing differences	**0.5**	(0.2)
Total tax income / (expense) included in other comprehensive (expense) / income	**0.5**	(0.2)

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'m	2020 £'m
Profit / (loss) before taxation	**2.1**	(2.0)
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	**(0.4)**	0.4
Effects of:		
Pension deficit contribution made in year	**0.2**	-
Transfer pricing adjustments	**0.5**	-
Group relief receivable	**0.3**	0.2
Capital allowances in excess of depreciation	**0.1**	0.3
Adjustment in respect of prior year	**(0.1)**	-
Total tax credit for the year	**0.6**	0.9

Deferred taxation

The Company recognises a deferred tax liability in relation to the pension surplus of £0.7m (2020: £1.2m), a liability in respect of fair value adjustments to investment property £0.6m (2020: £0.6m) and a liability of less than £0.1m in relation to certain derivative financial instruments (2020: less than £0.1m). A deferred tax asset of £0.6m (2020: £0.4m) is recognised in relation to other fixed asset timing differences.

10 Intangible assets

	Goodwill	Software	Total
	£'m	£'m	£'m
Cost			
At 1 April 2020	1.4	1.1	2.5
At 31 March 2021	**1.4**	**1.1**	**2.5**
Accumulated amortisation			
At 1 April 2020	0.8	1.1	1.9
Amortisation	0.1	-	0.1
At 31 March 2021	**0.9**	**1.1**	**2.0**
Net book amount			
At 31 March 2021	**0.5**	**-**	**0.5**
At 31 March 2020	0.6	-	0.6

The goodwill shown above arose following the acquisition of CPL Fuels Limited on 1 April 2017.

Coal Products Limited
Notes to the financial statements
for the year ended 31 March 2021 continued

11 Tangible assets

	Freehold land and buildings	Short leasehold buildings	Plant and machinery	Industrial buildings	Total
	£'m	£'m	£'m	£'m	£'m
Cost or valuation					
At 1 April 2020	27.6	0.4	44.0	1.8	73.8
Additions	-	-	1.1	-	1.1
Disposals	(1.5)	-	(8.7)	-	(10.2)
At 31 March 2021	**26.1**	**0.4**	**36.4**	**1.8**	**64.7**
Accumulated depreciation					
At 1 April 2020	25.0	0.3	32.6	1.4	59.3
Charge for year	0.1	0.1	1.1	-	1.3
Disposals	(0.4)	-	(1.8)	-	(2.2)
At 31 March 2021	**24.7**	**0.4**	**31.9**	**1.4**	**58.4**
Net book amount					
At 31 March 2021	**1.4**	**-**	**4.5**	**0.4**	**6.3**
At 31 March 2020	2.6	0.1	11.4	0.4	14.5

Disposals comprises freehold land and buildings and plant and machinery transferred to Carbon Link Limited, a fellow group undertaking, as part of a reorganisation within the group to align the legal entity structure with Operating divisions.

12 Investments

	Shares in subsidiary undertakings
	£'m
Cost	
At 1 April 2020	0.1
At 31 March 2021	**0.1**
Provision for permanent diminution in value	
At 1 April 2020	0.1
At 31 March 2021	**0.1**
Net book amount	
At 31 March 2021	**-**
At 31 March 2020	-

13 Interests in group undertakings

Subsidiary undertakings
Details of the directly held subsidiary undertaking and the nature of its business at 31 March 2021 and 31 March 2020 are as follows:

Subsidiary	Nature of business	% held
Palco Shipping and Trading Limited	Non trading	100

The shares held in the subsidiary undertaking are £1 (2020: £1) ordinary shares. The subsidiary undertaking is incorporated in England & Wales and has its registered office at Westthorpe Fields Road, Killamarsh, Sheffield, S21 1TZ.

14 Inventories

	2021 £'m	2020 £'m
Raw materials and consumables	**3.6**	3.8
Finished goods	**1.7**	2.5
	5.3	6.3

Finished goods are stated net of a provision for obsolete stock of £0.5m (2020: £0.6m).

15 Debtors

	2021 £'m	2020 £'m
Trade debtors	**4.1**	4.4
Amounts owed by group undertakings	**62.9**	48.6
Corporation tax	**-**	0.1
Deferred tax	**0.6**	0.4
Derivative financial instruments (Note 22)	**0.1**	0.3
Group relief receivable	**1.8**	1.4
Other debtors	**-**	0.1
Prepayments	**0.7**	0.1
	70.2	55.4

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16 Assets under sale

	2021 £'m	2020 £'m
Freehold property under sale	**4.0**	4.0

17 Creditors: amounts falling due within one year

	2021 £'m	2020 £'m
Bank loans and overdrafts	**0.8**	2.1
Trade creditors	**4.3**	5.6
Amounts owed to group undertakings	**68.9**	63.7
Taxation and social security	**1.6**	0.4
Derivative financial instruments (Note 22)	**0.1**	-
Other creditors	-	0.1
Accruals	**1.1**	1.4
	76.8	73.3

Bank loans and overdrafts include amounts owing under the Group cashpool arrangement with Lloyds Bank plc. Amounts owed to group undertakings are unsecured, interest free and repayable upon demand.

18 Creditors: amounts falling due after more than one year

	2021 £'m	2020 £'m
Finance leases	**0.1**	-
	0.1	-

19 Provisions for liabilities

	Concessionary fuel in retirement	Other provisions	Deferred tax	Total
	£'m	£'m	£'m	£'m
At 1 April 2020	0.8	0.1	1.8	2.7
Created in the year	-	-	-	-
Utilised in the year	-	-	(0.5)	(0.5)
At 31 March 2021	**0.8**	**0.1**	**1.3**	2.2

Concessionary fuel in retirement
The Company has an obligation to certain former employees to provide concessionary solid fuel in retirement. This provision is based on the advice of actuaries and updated annually. The principal assumptions made, concerning the amounts that may be required to settle the obligations are as follows:

- discount rates used are based upon the 15 year corporate bond rate adjusted for long term inflation, assumed to be 0.5% (2020: 0.5%);
- the life expectancy at the age of 65 is 22 years for men and 24 years for women.

Deferred tax
The provision for deferred tax comprises pensions surplus £0.7m (2020: £1.2m), fair value of investment properties £0.6m (2020: £0.6m) and derivative financial instruments of less than £0.1m (2020: less than £0.1m).

20 Retirement benefit in surplus

Defined contribution scheme
The Company contributes to a defined contribution scheme which is operated by CPL Industries Limited.

Pension costs for defined contribution schemes are as follows:

	2021 £'m	2020 £'m
Defined contribution schemes	**0.5**	0.2

Employer contributions of £50,000 (2020: £73,000) were accrued at 31 March 2021.

Defined benefit schemes
Two of the major schemes in which the Company has been involved are defined benefit schemes, which have been closed to new entrants since 1999. They are funded schemes based on final salary and are both administered by independent trustees, who are responsible for ensuring that the schemes are sufficiently funded to meet current and future obligations.

The Company has maintained ongoing deficit reduction contributions to eliminate the deficits. The Company paid normal ongoing contributions to the defined benefit schemes of £0.3m (2020: £0.2m) and paid additional deficit reduction contributions of £0.4m (2020: £0.3m).

The calculations for inclusion of amounts in the financial statements have been based on the following valuation dates updated to 31 March 2021 by professionally qualified independent actuaries:

Industry Wide Coal Staff Superannuation (IWCSS) Scheme	31 December 2018
Industry Wide Mineworkers Pension (IWMP) Scheme	31 December 2018

	2021	2020
Discount rate	**2.10%**	2.35%
Rate of increase in salaries	**3.25%**	2.55%
Rate of increases of inflation linked pensions in payment	**2.80%**	1.55%
Inflation assumption	**3.25%**	2.55%

20 Retirement benefit in surplus continued

The mortality assumptions used were as follows:

	2021 Years	2020 Years
Longevity at age 65 for current pensioners:		
- Men	**19.1 - 20.6**	19.3 – 20.6
- Women	**22.3 - 22.9**	22.4 – 22.9
Longevity at age 65 for future pensioners:		
- Men	**20.1 - 21.6**	20.4 – 21.7
- Women	**23.6 - 24.2**	23.7 – 24.1

20 Retirement benefit in surplus continued

Reconciliation of scheme assets and liabilities

	Assets £'m	Liabilities £'m	Total £'m
At 1 April 2019	54.6	(50.1)	4.5
Benefits paid	(1.5)	1.5	-
Employer contributions	0.5	-	0.5
Current service cost	-	(0.3)	(0.3)
Interest income/(expense)	1.3	(1.2)	0.1
Remeasurement gains:			
Actuarial gains	-	4.0	4.0
Return on plan assets excluding interest	(2.7)	-	(2.7)
At 31 March 2020	**52.2**	**(46.1)**	**6.1**

	Assets £'m	Liabilities £'m	Total £'m
At 1 April 2020	52.2	(46.1)	6.1
Benefits paid	(1.4)	1.4	-
Employer contributions	0.7	-	0.7
Current service cost	-	(0.2)	(0.2)
Interest income/(expense)	1.2	(1.1)	0.1
Remeasurement :			
Actuarial losses	-	(6.2)	(6.2)
Return on plan assets excluding interest	3.4	-	3.4
At 31 March 2021	**56.1**	**(52.2)**	**3.9**

Analysis of amounts charged to operating profit

	2021 £'m	2020 £'m
Current service cost	**0.2**	0.3
	0.2	0.3

20 Retirement benefit in surplus continued

Analysis of amounts credited to other finance income

	2021	2020
	£'m	£'m
Expected return on pension scheme assets	**1.2**	1.3
Interest on pension scheme liabilities	**(1.1)**	(1.2)
	0.1	0.1

Analysis of amounts recognised in other comprehensive (expense) / income

	2021	2020
	£'m	£'m
Actual return less expected return on scheme assets	**3.4**	(2.7)
Actuarial (loss) / gain	**(6.2)**	4.0
	(2.8)	1.3

The assets of the schemes are invested in investment funds managed by a number of independent fund managers. The assets in the scheme were:

	2021	2020
	£'m	£'m
Equities	**12.9**	6.7
Bonds	**33.7**	31.5
Property	**3.1**	3.0
Liability driven investments	5.8	2.8
Diversified growth fund	-	8.1
Cash and cash equivalents	**0.6**	0.1
	56.1	52.2

The return on plan assets was:

	2021	2020
	£'m	£'m
Interest income	**1.2**	1.3
Return on plan assets less interest income	**(3.4)**	(2.7)
	(2.2)	(1.4)

21 Called up share capital

	2021	2020
	£'m	£'m
Authorised		
47,134,217 (2020: 47,134,217) ordinary shares of £1 each	**47.1**	47.1
Allotted and fully paid		
5,000,000 (2020: 5,000,000) ordinary shares of £1 each	**5.0**	5.0

On 18 April 2017 a special resolution was passed to reduce the share capital from 42,134,217 ordinary shares of £1 each to 5,000,000 ordinary shares of £1 each.

22 Financial instruments

	2021	2020
	£'m	£'m
Financial assets measured at fair value through profit and		
Derivative financial instruments	**0.1**	0.3
	0.1	0.3
Financial assets measured at amortised cost		
Trade debtors	**4.1**	4.4
Amounts owed by group undertakings	**62.9**	48.6
	67.0	53.0
Financial liabilities at fair value through profit and loss		
Derivative financial instruments	**0.1**	-
	0.1	-
Financial liabilities measured at amortised cost		
Bank loans and overdrafts	**0.8**	2.1
Trade creditors	**4.3**	5.6
Amounts owed to group undertakings	**68.9**	63.7
Accruals	**1.1**	1.4
	75.1	72.8

22 Financial instruments continued

Derivative financial instruments – Forward contracts

The Company enters into forward foreign currency contracts to hedge the exchange risk for certain foreign currency sales and purchases. At 31 March 2021 the outstanding contracts all mature within 12 months (2020: 12 months). The Company is committed to buy US$11.0 (2020: US$6.0m) and buy €1.1m (2020:€2.0m).

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:USD and GBP:EUR. The net fair value of the forward foreign currency contracts is £0.2m favourable (2020: £0.3m favourable).

During the financial year 2021, a hedging loss £0.3m (2020: gain £0.2m) was recognised in other comprehensive income for changes in the fair value of the forward foreign currency contracts.

23 Related party transactions

The Company's related party transactions were with wholly owned subsidiaries and have not been disclosed. Key management consists of the directors, with whom there have been no transactions which have not been disclosed in Note 5 to the financial statements.

24 Financial commitments

At 31 March the company had the following future minimum lease payments under non-cancellable operating leases:

	2021		2020	
Operating leases which expire:	**Land and buildings**	**Other**	Land and buildings	Other
	£'m	**£'m**	£'m	£'m
Within one year	**0.7**	**0.3**	0.7	0.2
After one year but before five years	**2.8**	**0.2**	2.8	0.1
After five years	**3.6**	-	4.6	-
	7.1	**0.5**	8.1	0.3

25 Ultimate parent company

The immediate parent undertaking is CPL Industries Limited.

For the year ended 31 March 2021 CPL Industries Group Limited is the largest and smallest group in which these financial statements are consolidated. Copies of the financial statements of CPL Industries Group Limited may be obtained from the Company Secretary, CPL Industries Group Limited, Westthorpe Fields Road, Killamarsh, Sheffield, S21 1TZ.

At 31 March 2021 the directors consider that JCM Holdings Limited is the ultimate parent company and that JPV Mash is the ultimate controlling party. JCM Holdings Limited is established in the United Kingdom at 35 John Street, London, WC1N 2AT.

26 Financial commitments, guarantees and contingent liabilities

The Company has granted fixed and floating charges over all its assets in favour of Lloyds Bank plc as security for the banking facilities provided to the Group.

The Company has granted fixed and floating charges over all its assets in favour of VCP Jet Luxco SARL as security for the loan facility provided to the Group.

27 Post-balance sheet events

The Group's existing facilities with Lloyds Bank plc were due to expire on 31 March 2022. On 6 September 2021 the facilities were renewed on broadly similar terms, with repayment due on 31 March 2023.