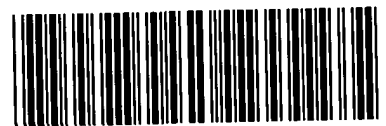


# Global Coal Limited

## REPORT AND FINANCIAL STATEMENTS

Year Ended 31 December 2017

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COMPANIES HOUSE

Company Registration No. 04007764

# Global Coal Limited

## CONTENTS

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|   |    |
|---|----|
| Company information.....                      | 2  |
| Directors' report.....                        | 3  |
| Strategic report.....                         | 5  |
| Statement of directors' responsibilities..... | 6  |
| Independent auditor's report .....            | 7  |
| Statement of comprehensive income .....       | 10 |
| Statement of financial position.....          | 11 |
| Statement of changes in equity.....           | 12 |
| Statement of cash flows.....                  | 13 |
| Notes to the financial statements.....        | 14 |

# Global Coal Limited

## COMPANY INFORMATION

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### DIRECTORS

Martin Abbott  
Marc R Bailey  
Zaheer Docrat  
Davide Giuliani  
Ian F N Hall  
Gustavo F Hernandez  
Jeremie Louis  
Mauro Montenero  
Zachary L Oster  
Tor C Peterson  
Malcolm J Roberts  
Martin Rozendaal  
Mitsuaki Toda  
Craig R Wiggill

### COMPANY SECRETARY

Andrew Goldsmith

### REGISTERED OFFICE

7<sup>th</sup> Floor  
Dashwood House  
69 Old Broad Street  
London  
United Kingdom  
EC2M 1QS

### AUDITOR

RSM UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

# Global Coal Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Global Coal Limited for the year ended 31 December 2017.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are the development of standardised physical contracts for the international coal market, the provision brokerage services for the bi-lateral trading of physical and financial contracts for coal and the provision of international coal price indices.

### RESULTS AND DIVIDENDS

The Company's trading profit for the year after taxation was \$1,687,013 (2016: \$2,824,818).

An interim dividend of \$2,909,621 (2016: \$Nil) was declared during the year and additional dividends of \$2,600,056 (2016: Nil) were declared at year-end.

### DIRECTORS

The following directors have held office since 1 January 2017:

Martin Abbott  
Eoghan Cunningham (Resigned 27 April 2017)  
Davide Giuliani  
Malcolm J Roberts  
Zaheer Docrat  
Ian F N Hall  
Gustavo F Hernandez  
Zachary L Oster  
Mauro Montenero  
Tor C Peterson  
Martin Rozendaal  
Jun Shimamoto (Resigned 21 June 2017)  
Sundeep R Singh (Resigned 5 June 2017)  
Mitsuaki Toda (Appointed 20 January 2017)  
Craig R Wiggill  
Gerhard Ziems (Resigned 30 June 2017)  
Jeremie Louis (Appointed 13 July 2017)  
Marc R Bailey (Appointed 24 July 2017)

### BRANCHES OUTSIDE THE UK

The Company has a branch office in Singapore for the purpose of marketing in the Asia / Pacific region. The branch is treated as a cost centre and as such all related expenditure is fully incorporated into these financial statements.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

# Global Coal Limited

## DIRECTORS' REPORT

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### MATTERS OF STRATEGIC IMPORTANCE

The company has chosen in accordance with Companies Act 2006, s414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized companies and Groups (Accounts and Reports) Regulations 2008, Sch.7 to be contained in the Directors' Report. It has done so in respect of future developments and research and development.

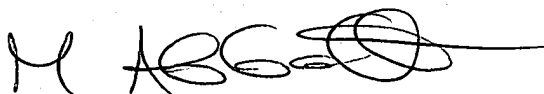
### THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party provision is in place for the benefit of all directors of the Company.

### RE-APPOINTMENT OF AUDITOR

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of RSM UK Audit LLP as auditor of the Company.

By order of the board on 21 March 2018.

A handwritten signature in black ink, appearing to read 'M. Abbott', followed by a series of loops and a horizontal line extending to the right.

Martin Abbott  
Director

# Global Coal Limited

## STRATEGIC REPORT

---

The directors present their strategic report of the Company for the year ended 31 December 2017.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Despite a downturn in activity in the commodity markets, the Company delivered a positive return for shareholders due to the revenue diversity within the business model. The Company focused on increasing its income from market membership by charging a higher and more commercially realistic membership fee. There was no significant fall off in the number of members because of the new pricing strategy. The fall in the volume of physically brokered coal trades highlighted the company's robust business model in that the revenue derived from Index licensing, which is in essence a data sales business, proved to be a resilient income stream and allowed for a respectable financial performance. Management has been mandated by the board to further monetise its assets, whether by Index sales or through the greater commercialisation of data sales.

The Company's business is focused on delivering services exclusively to institutional players in the physical and financial coal trading market, and will look at opportunities in adjacent markets.

The Company completed the year in a strong financial position, with no debt and a healthy capitalisation.

### Research and Development

The Company is investing in the development of its Standard Coal Trading Agreement (SCoTA), refining the contract and adding delivery locations. The company also recognises the strength of the existing business model in bringing pricing transparency to OTC markets that are not particularly liquid, and started several work streams in the year with the intention of identifying new markets that might be brought into the globalCOAL model. Management anticipates launching at least one non-coal product during 2018. Legal work in respect of the company's IP rights in its data has been completed, and the data monetisation strategy will be a focus of attention in 2018.

### Principal Risks & Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

The principal uncertainties facing the Company are reviewed regularly by the Board and actions put in place to mitigate identified risks. The Company has exposure to the following key risks:

- Changing regulatory framework in various jurisdictions
- Downturn in levels of demand from clients.
- Competitive pressure on commission rates.

The Board has implemented appropriate internal processes in order to mitigate the impact of these key risks to business performance.

An assessment of business performance is carried out quarterly by management, and is reviewed by the board, by measuring quarterly results based on a variety of key performance indicators including but not limited to:


- Earnings before interest, taxes, and amortisation (EBITA)
- Debtor days

### Future Outlook

The Company performed well in 2017 and although the competitive environment remains challenging, the directors believe that the Company will continue to be a going concern.

By order of the board on 21 March 2018

Martin Abbott  
Director



# Global Coal Limited

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

---

The directors are responsible for preparing the Strategic Report and the Directors' 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 those financial statements, the directors are required to:

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

The directors are responsible for keeping 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Global Coal Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL COAL LIMITED

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### Opinion

We have audited the financial statements of Global Coal Limited (the 'company') for the year ended 31 December 2017 which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of 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 December 2017 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### 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. 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.

In connection with our audit of the financial statements, 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



# Global Coal Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL COAL LIMITED

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our knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

### **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 and 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 6, 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.

# Global Coal Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBAL COAL LIMITED

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### 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.

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.

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**

MALCOLM PIROUET (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

**24** March 2018

**Global Coal Limited**  
**STATEMENT OF COMPEHENSIVE INCOME**  
for the year ended 31 December 2017

|  | Notes | 2017<br>\$              | 2016<br>\$              |
|--|-------|-------------------------|-------------------------|
| <b>Turnover</b>  | 5     | 10,367,049              | 13,766,378              |
| Cost of sales  |       | (636,609)               | (787,799)               |
| <b>Gross profit</b>  |       | <u>9,730,440</u>        | <u>12,978,579</u>       |
| Administrative expenses  |       | (7,581,745)             | (9,496,380)             |
| <b>Operating profit</b>  |       | <u>2,148,695</u>        | <u>3,482,199</u>        |
| Interest receivable and similar income                         |       | 31,499                  | 31,609                  |
| <b>Profit before taxation</b>                                  | 6     | <u>2,180,194</u>        | <u>3,513,808</u>        |
| Taxation   | 8     | (493,181)               | (688,990)               |
| <b>Profit after taxation and profit for the financial year</b> | 19    | <u>1,687,013</u>        | <u>2,824,818</u>        |
| Other comprehensive income                                     |       | -                       | -                       |
| <b>Total Comprehensive income for the year</b>                 |       | <u><u>1,687,013</u></u> | <u><u>2,824,818</u></u> |

Turnover and Operating Profit for the year arise from continuing operations.

**Global Coal Limited**  
**STATEMENT OF FINANCIAL POSITION**  
**31 December 2017**  
**Company Registration Number: 04007764**

|  | Notes | 2017<br>\$        | 2016<br>\$        |
|--|-------|-------------------|-------------------|
| <b>Fixed assets</b>                            |       |                   |                   |
| Tangible assets                                | 10    | 129,424           | 148,677           |
| Other intangible assets                        | 11    | 236,184           | 527,956           |
|  |       | <u>365,608</u>    | <u>676,633</u>    |
| <b>Current assets</b>                          |       |                   |                   |
| Debtors  | 12    | 1,102,573         | 1,633,818         |
| Cash at bank and in hand                       |       | 13,808,341        | 14,338,126        |
|  |       | <u>14,910,914</u> | <u>15,971,944</u> |
| <b>Current Liabilities</b>                     |       |                   |                   |
| Creditors: Amounts falling due within one year | 13    | (7,845,681)       | (5,399,805)       |
| <b>Net current assets</b>                      |       | <u>7,065,233</u>  | <u>10,572,139</u> |
| Provision for Liabilities                      | 14    | (4,733)           | -                 |
| <b>Net assets</b>                              |       | <u>7,426,108</u>  | <u>11,248,772</u> |
| <b>Capital and reserves</b>                    |       |                   |                   |
| Called up share capital                        | 16    | 6,238             | 55,221            |
| Share premium account                          | 17    | 5,374,258         | 5,374,258         |
| Capital redemption account                     | 18    | 42,292            | 34                |
| Profit and loss account                        | 19    | 2,032,635         | 5,848,574         |
| Foreign exchange reserve                       | 20    | (29,315)          | (29,315)          |
| <b>Total equity</b>                            |       | <u>7,426,108</u>  | <u>11,248,772</u> |

The financial statements on pages 10 to 26 were approved and authorised for issue by the board of directors on 21 March 2018 and are signed on its behalf by:

M Abbott  
Director



Global Coal Limited  
STATEMENT OF CHANGES IN EQUITY  
31 December 2017

|  | Notes | Ordinary<br>Share Capital | Share<br>Premium | Special<br>Deferred<br>Shares | Preference<br>Shares | Non Voting<br>Deferred<br>Shares | Capital<br>Redemption<br>Reserve | Foreign<br>Currency<br>Translation<br>Reserve | Profit and loss<br>account | Total       |
|--|-------|---------------------------|------------------|-------------------------------|----------------------|----------------------------------|----------------------------------|---|----------------------------|-------------|
|  |       | \$                        | \$               | \$                            | \$                   | \$                               | \$                               | \$  | \$                         | \$          |
| Balance as at 1 January 2016                                       |       |                           |                  |                               |                      |                                  |                                  |   |                            |             |
|  |       | 793                       | 5,374,258        | 2                             | 54,426               | -                                | 34                               | (29,315)                                      | 3,023,756                  | 8,423,954   |
| Profit for the year and total<br>comprehensive income for the year | 19    | -                         | -                | -                             | -                    | -                                | -                                | -   | 2,824,818                  | 2,824,818   |
| Balance as at 31 December 2016                                     |       |                           |                  |                               |                      |                                  |                                  |   |                            |             |
|  |       | 793                       | 5,374,258        | 2                             | 54,426               | -                                | 34                               | (29,315)                                      | 5,848,574                  | 11,248,772  |
| Profit for the year and total<br>comprehensive income for the year | 19    | -                         | -                | -                             | -                    | -                                | -                                | -   | 1,687,013                  | 1,687,013   |
| <b>Transactions with owners in their<br/>capacity as owners:</b>   |       |                           |                  |                               |                      |                                  |                                  |   |                            |             |
| Share re-organisation  |       | 5,443                     | -                | -                             | (54,426)             | 48,983                           | -                                | -   | -                          | -           |
| Exchange Loss  |       | -                         | -                | -                             | -                    | (6,725)                          | -                                | -   | 6,725                      | -           |
| Transfer to capital redemption reserve                             |       | -                         | -                | -                             | -                    | (42,258)                         | 42,258                           | -   | -                          | -           |
| Dividends  | 9     | -                         | -                | -                             | -                    | -                                | -                                | -   | (5,509,677)                | (5,509,677) |
| Balance as at 31 December 2017                                     |       |                           |                  |                               |                      |                                  |                                  |   |                            |             |
|  |       | 6,236                     | 5,374,258        | 2                             | -                    | -                                | 42,292                           | (29,315)                                      | 2,032,635                  | 7,426,108   |

**Global Coal Limited**  
**STATEMENT OF CASH FLOWS**  
**31 December 2017**

|   | Notes | 2017<br>\$         | 2016<br>\$         |
|---|-------|--------------------|--------------------|
| <b>Operating activities</b>                                   |       |                    |                    |
| Cash generated from operations                                | 21    | 1,435,888          | 5,269,050          |
| Income taxes paid   |       | (626,675)          | (480,605)          |
| <b>Net cash from operating activities</b>                     |       | <b>809,213</b>     | <b>4,788,445</b>   |
| <b>Investing activities</b>                                   |       |                    |                    |
| Interest received   |       | 31,499             | 31,609             |
| Purchase of tangible assets                                   |       | (70,597)           | (46,106)           |
| Purchase of intangible assets                                 |       | (50,405)           | (188,325)          |
| <b>Net cash used in investing activities</b>                  |       | <b>(89,503)</b>    | <b>(202,822)</b>   |
| <b>Financing activities</b>                                   |       |                    |                    |
| Dividends paid  |       | (1,249,495)        | (2,895,674)        |
| <b>Net cash used in financing activities</b>                  |       | <b>(1,249,495)</b> | <b>(2,895,674)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |       | <b>(529,785)</b>   | <b>1,689,949</b>   |
| <b>Cash and cash equivalents at the beginning of the year</b> |       | <b>14,338,126</b>  | <b>12,648,177</b>  |
| <b>Cash and cash equivalents at the end of the year</b>       |       | <b>13,808,341</b>  | <b>14,338,126</b>  |

# Global Coal Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

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### 1. General Information

Global Coal Limited ("the Company") is a private company limited by shares, registered, domiciled and incorporated in England. The Registered Office and principal place of business is 7th Floor, Dashwood House, 69 Old Broad Street, London, EC2M 1QS. The company's principal activities and nature of its operations are set out within the Directors' Report.

### 2. Basis of Accounting

The financial statements of Global Coal Limited have been prepared in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest \$1, except where otherwise indicated.

### 3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### (b) Going concern

The directors have prepared forecasts for the business and on the basis of the expected results and given the resources that the Company has available to it, the directors believe the Company is well placed to manage its business risks successfully.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### (c) Functional Currency

The company's functional and presentational currency is US dollars.

#### (d) Foreign currencies

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction.

All transaction differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

#### (e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of value added taxes.

The company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the amount of revenue can be measured reliably; and (c) it is probable that future economic benefits will flow to the entity.

Commissions receivable on trades are recognised immediately on execution.

# Global Coal Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

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Membership fee income is deferred and released in equal instalments over the period of membership.

### **(f) Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

### **(g) Intangible fixed assets (other than goodwill)**

Development costs are capitalised based on the company's ability to reliably measure the expenditure attributable to the intangible asset during its development and the existence of a market for the use of the intangible asset from which future economic benefits will be generated. Capitalised development expenditure is initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Capitalised development expenditure is amortised on a straight line basis over its useful life, which is 5 years. The directors consider this useful life to be appropriate being the estimated minimum period the products are expected to generate economic benefits.

Other externally purchased intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Intangible assets are amortised to profit or loss on a straight line basis of their useful lives as follows:

|          |         |
|----------|---------|
| Software | 3 years |
| Website  | 3 years |

Provision is made for any impairment in value.

Amortisation is revised prospectively for any significant change in useful life or residual value. On disposal, the difference between the net disposal proceeds and the carrying amount of the intangible asset is recognised in profit or loss.

Amortisation of Website development costs will commence from the date the new website becomes live.



# Global Coal Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

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### **(h) Tangible fixed assets**

Fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

|                        |         |
|------------------------|---------|
| Leasehold improvements | 5 years |
| Fixtures and fittings  | 3 years |
| IT hardware            | 3 years |

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

### **(i) Impairments**

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit or loss.

### **(j) Leases**

Operating lease rentals are charged to profit or loss in equal monthly amounts over the lease term.

### **(k) Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

### **(l) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

### **(m) Dividends**

Dividends are recognised as liabilities once they are no longer at the discretion of the company.

### **(n) Financial assets**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 in full, to all of its financial instruments.

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Basic financial assets, which include trade and other receivables and accrued income, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Other financial assets classified as fair value through profit or loss are measured at fair value.

# Global Coal Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

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### ***Loans and receivables***

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

### ***(o) Financial liabilities***

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

### ***Financial liabilities at fair value through profit or loss***

Financial liabilities classified as other financial liabilities are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

### ***Other financial liabilities***

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

### ***(p) Other income***

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective rate.

## **4. 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.

In the course of the year the directors decided to fully impair all the development costs relating to a project of \$193,627 as any future cash flows from the asset were deemed to be uncertain.

The directors do not consider there are any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year.

# Global Coal Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

### 5. Turnover and profit on ordinary activities before taxation

The Company's turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

| <i>Analysis of turnover by category</i> | 2017       | 2016       |
|---|------------|------------|
|   | \$         | \$         |
| Rendering of services                   | 10,367,049 | 13,766,378 |

| 6. Profit before taxation                            | 2017    | 2016     |
|--|---------|----------|
|  | \$      | \$       |
| Profit before taxation is stated after charging:     |         |          |
| Depreciation of tangible fixed assets - owned assets | 89,850  | 120,096  |
| Amortisation of intangible fixed assets              | 148,550 | 195,844  |
| Impairment of intangible fixed assets                | 193,627 | -        |
| Foreign exchange trading (gains)/losses              | 115,507 | (24,261) |
| Operating lease rentals:                             |         |          |
| Land and buildings                                   | 339,222 | 345,053  |
| Auditor's remuneration:                              |         |          |
| Audit services                                       | 46,113  | 44,446   |
| Non audit services                                   | -       | 6,050    |
| Tax compliance                                       | 10,375  | 10,000   |

# Global Coal Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

### 7. Employees

| 2017 | 2016 |
|------|------|
| No.  | No.  |

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

|                        |           |           |
|------------------------|-----------|-----------|
| Information technology | 5         | 5         |
| Sales and marketing    | 19        | 18        |
| Administration         | 6         | 6         |
|                        | <u>30</u> | <u>29</u> |

|                       | 2017                    | 2016                    |
|-----------------------|-------------------------|-------------------------|
|                       | \$                      | \$                      |
| Wages and salaries    | 4,451,413               | 6,085,569               |
| Social security costs | 552,322                 | 683,940                 |
| Pension contributions | 218,688                 | 217,300                 |
| <b>Staff costs</b>    | <b><u>5,222,423</u></b> | <b><u>6,986,809</u></b> |

|                                | 2017           | 2016             |
|--------------------------------|----------------|------------------|
|                                | \$             | \$               |
| <i>Directors' remuneration</i> |                |                  |
| Emoluments                     | 828,679        | 1,384,486        |
| Pension contributions          | 35,255         | 30,250           |
| Other benefits                 | 3,401          | 3,111            |
|                                | <u>867,335</u> | <u>1,417,847</u> |

The amount paid to the highest paid director was \$432,674 (2016: \$1,312,930), including pension scheme contributions of \$21,952 (2016: \$30,250).

The number of directors to whom retirement benefits are accruing under money purchase schemes was: 0 (2016: 1).

# Global Coal Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

| 8. Taxation  | 2017      | 2016      |
|--|-----------|-----------|
|  | \$        | \$        |
| Current tax:   |           |           |
| UK corporation tax on profits of the year  | 433,703   | 708,875   |
| Adjustment in respect of previous period   | 49,797    | (59,598)  |
| Total current tax  | 483,500   | 649,277   |
| Deferred tax:  |           |           |
| Origination and reversal of timing differences   | 9,681     | 28,206    |
| Adjustment in respect of previous period   | -         | 11,507    |
| Total deferred tax   | 9,681     | 39,713    |
| Tax on profit  | 493,181   | 688,990   |
|  |           |           |
| Factors affecting tax charge for the year:   | 2017      | 2016      |
|  | \$        | \$        |
| The tax assessed for the year is lower than the standard rate of Corporation tax of 19.25% (2016: 20%). The differences are explained below: |           |           |
| Profit before tax  | 2,180,194 | 3,513,808 |
| Profit multiplied by the standard rate of corporation tax of 19.25% (2016: 20%)  | 419,687   | 702,762   |
| Effects of:  |           |           |
| Expenses not deductible for tax purposes   | 44,494    | 75,180    |
| Capital allowances for period in excess of depreciation  | -         | (1,016)   |
| Adjustments to tax charge in respect of previous periods   | 49,797    | -         |
| Adjust closing deferred tax to average of 19.25%   | (625)     | -         |
| Adjust opening deferred tax to average of 19.25%   | (4,162)   | -         |
| Other timing differences   | (1,027)   | (38,823)  |
| Exchange differences   | 11,557    | (49,113)  |
| Deferred tax not recognised  | (26,540)  | -         |
| Total tax expense  | 493,181   | 688,990   |

# Global Coal Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

| 9. Dividends             | 2017             | 2016     |
|--------------------------|------------------|----------|
|                          | \$               | \$       |
| Interim dividend paid    | 1,249,495        | -        |
| Interim dividend payable | 4,260,182        | -        |
|                          | <u>5,509,677</u> | <u>-</u> |

An interim dividend was declared on 23 June 2017 amounting to \$2,909,621 at \$0.71978 per share. Payments amounting to \$1,249,495 were made on 7 July 2017 and \$1,660,126 remains payable at 31 December 2017.

A further interim dividend was declared on 6 December 2017 amounting to \$2,600,056 at \$0.64320 per share to be paid on 6 April 2018.

### 10. Tangible Fixed Assets

|                  | Leasehold<br>improvements<br>\$ | Fixtures<br>& fittings<br>\$ | IT<br>Hardware<br>\$ | Total<br>\$      |
|------------------|---------------------------------|------------------------------|----------------------|------------------|
| Cost             |                                 |                              |                      |                  |
| 1 January 2017   | 398,217                         | 123,087                      | 1,718,168            | 2,239,472        |
| Additions        | -                               | 44,523                       | 26,074               | 70,597           |
| 31 December 2017 | <u>398,217</u>                  | <u>167,610</u>               | <u>1,744,242</u>     | <u>2,310,069</u> |
| Depreciation     |                                 |                              |                      |                  |
| 1 January 2017   | 398,217                         | 114,981                      | 1,577,597            | 2,090,795        |
| Charged in year  | -                               | 8,706                        | 81,144               | 89,850           |
| 31 December 2017 | <u>398,217</u>                  | <u>123,687</u>               | <u>1,658,741</u>     | <u>2,180,645</u> |
| Net book value   |                                 |                              |                      |                  |
| 31 December 2017 | <u>-</u>                        | <u>43,923</u>                | <u>85,501</u>        | <u>129,424</u>   |
| 31 December 2016 | <u>-</u>                        | <u>8,106</u>                 | <u>140,571</u>       | <u>148,677</u>   |

# Global Coal Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

### 11. Intangible Fixed Assets

|                                 | Software | Website | Development Costs | Total     |
|---------------------------------|----------|---------|-------------------|-----------|
|                                 | \$       | \$      | \$                | \$        |
| Cost                            |          |         |                   |           |
| 1 January 2017                  | 765,188  | 665,398 | 398,033           | 1,828,619 |
| Additions - separately acquired | 50,405   | -       | -                 | 50,405    |
| 31 December 2017                | 815,593  | 665,398 | 398,033           | 1,879,024 |
| Amortisation                    |          |         |                   |           |
| 1 January 2017                  | 658,628  | 515,933 | 126,101           | 1,300,662 |
| Charged in year                 | 77,848   | 49,822  | 20,881            | 148,550   |
| Impairment                      | -        | -       | 193,627           | 193,627   |
| 31 December 2017                | 736,476  | 565,755 | 340,609           | 1,642,840 |
| Net book value                  |          |         |                   |           |
| 31 December 2017                | 79,117   | 99,643  | 57,424            | 236,184   |
| 31 December 2016                | 106,560  | 149,465 | 271,931           | 527,956   |

Included in the carrying value of development costs are the capitalised costs in respect of projects.

The amortisation charge for the year is recognised within administrative expenses.

### 12. Debtors

|                                | 2017      | 2016      |
|--------------------------------|-----------|-----------|
|                                | \$        | \$        |
| Due within one year:           |           |           |
| Trade debtors                  | 819,994   | 1,012,951 |
| Other debtors                  | 48,034    | 49,110    |
| Prepayments and accrued income | 234,545   | 566,809   |
| Deferred tax asset             | -         | 4,948     |
|                                | 1,102,573 | 1,633,818 |

The deferred tax asset of 2016 comprised a liability of \$37,232 relating to accelerated capital allowances and an asset of \$42,180 relating to short term timing differences. In 2017 there was a charge of \$9,681. The deferred tax is recognised as a liability in 2017, see note 14.

# Global Coal Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

| <b>13. Creditors: Amounts falling due within one year</b> | <b>2017</b>      | <b>2016</b>      |
|---|------------------|------------------|
|   | <b>\$</b>        | <b>\$</b>        |
| Dividend payable  | 4,260,181        | 0                |
| Trade creditors   | 114,540          | 106,920          |
| Corporation tax   | 191,384          | 334,559          |
| Other taxation and social security                        | 427,718          | 526,491          |
| Other creditors   | 48,204           | 109,625          |
| Accruals and deferred income                              | 2,803,653        | 4,322,210        |
|   | <u>7,845,681</u> | <u>5,399,805</u> |

### 14. Provision for Liabilities

| <b>Deferred Tax</b> | <b>2017</b>  | <b>2016</b>    |
|---------------------|--------------|----------------|
|                     | <b>\$</b>    | <b>\$</b>      |
| 1 January           | (4,948)      | (44,661)       |
| Charge for year     | 9,681        | 39,713         |
|                     | <u>4,733</u> | <u>(4,948)</u> |

The deferred tax liability of 2017 comprises a liability of \$10,018 relating to accelerated capital allowances and an asset of \$5,285 relating to short term timing differences. The deferred tax was recognised as an asset in 2016, see note 12.

### 15. Financial instruments

The carrying amounts of the company's financial instruments at 31 December were:

|   | <b>2017</b> | <b>2016</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| <b>Financial assets:</b>                    |             |             |
| Debt instruments measured at amortised cost | 881,188     | 1,374,060   |
| <b>Financial liabilities:</b>               |             |             |
| Measured at amortised cost                  | 5,756,757   | 2,587,139   |



# Global Coal Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

| 16. Share capital                   | Ordinary shares<br>0.1 pence each | Special deferred<br>share £1 each | Preference Shares<br>1 pence each | Non-voting<br>Deferred Shares 1<br>pence each | Total       |
|-------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---|-------------|
|                                     | No.                               | No.                               | No.                               | No.   | No.         |
| Called up, allotted and fully paid: |                                   |                                   |                                   |   |             |
| 1 January                           | 514,689                           | 1                                 | 3,527,686                         | -   | 4,042,376   |
| Consolidation&Subdivision May 17    | 3,527,686                         | -                                 | (3,527,686)                       | 3,174,914                                     | 3,174,914   |
| Redemption of Non deferreds Oct 17  | -                                 | -                                 | -                                 | (3,174,914)                                   | (3,174,914) |
| 31 December                         | 4,042,375                         | 1                                 | -                                 | -   | 4,042,376   |

|  | Ordinary shares<br>0.1 pence each | Special deferred<br>share £1 each | Preference Shares<br>1 pence each | Non voting<br>Deferred Shares 1<br>pence each | Total    |
|--|-----------------------------------|-----------------------------------|-----------------------------------|---|----------|
|  | \$                                | \$                                | \$                                | \$  | \$       |
| 1 January                              | 793                               | 2                                 | 54,426                            | -   | 55,221   |
| Consolidation&Subdivision              | 5,443                             | -                                 | (54,426)                          | 48,983  | -        |
| Redemption of Non deferreds Oct 17     | -                                 | -                                 | -                                 | -   | -        |
| Revaluation                            | -                                 | -                                 | -                                 | (6,725)                                       | (6,725)  |
| Transfer to capital redemption reserve | -                                 | -                                 | -                                 | (42,258)                                      | (42,258) |
| 31 December                            | 6,236                             | 2                                 | -                                 | -   | 6,238    |

The 3,527,686 1p preference shares were consolidated into 7 preference shares with a total nominal value of £35,276.86.

The preference shares were then converted to ordinary shares and to non-voting deferred shares in May 2017. The non-voting deferred shares were redeemed in October 2017 for a total consideration of 1p.

The special deferred share holds no voting rights, rights to dividends or rights to further participation in the capital of the Company. On winding up, the holder is entitled only to the repayment of paid up share capital, subordinated to the rights of the ordinary shareholders.

# Global Coal Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

|   |                    |                  |
|---|--------------------|------------------|
| <b>17. Share premium account</b>  | 2017<br>\$         | 2016<br>\$       |
| 1 January   | 5,374,258          | 5,374,258        |
| 31 December   | <u>5,374,258</u>   | <u>5,374,258</u> |
| <b>18. Capital redemption account</b>   | 2017<br>\$         | 2016<br>\$       |
| 31 December   | <u>42,292</u>      | <u>34</u>        |
| <b>19. Retained Earnings</b>  | 2017<br>\$         | 2016<br>\$       |
| 1 January   | 5,848,574          | 3,023,756        |
| Profit for the financial year   | 1,687,013          | 2,824,818        |
| Exchange differences in share revaluation                                       | 6,725              | -                |
| Dividend paid   | (1,249,495)        | -                |
| Dividend payable  | <u>(4,260,182)</u> | <u>-</u>         |
| 31 December   | <u>2,032,635</u>   | <u>5,848,574</u> |
| <b>20. Foreign Exchange Reserve</b>   | \$                 |                  |
| At 1 January 2016 and 2017 and 31 December 2016 and 2017                        | <u>(29,315)</u>    |                  |
| <b>21. Cash Flows</b>   | 2017<br>\$         | 2016<br>\$       |
| <b>Reconciliation of profit after tax to net cash generated from operations</b> |                    |                  |
| Profit after tax  | 1,687,013          | 2,824,818        |
| Depreciation, amortisation and impairment                                       | 432,027            | 315,940          |
| Interest receivable   | (31,499)           | (31,609)         |
| Taxation  | 493,181            | 688,990          |
| Operating cashflows before movements in working capital                         | <u>2,580,722</u>   | <u>3,798,139</u> |
| Decrease in debtors   | 526,297            | 458,583          |
| Increase/(decrease) in creditors  | <u>(1,671,131)</u> | <u>1,012,328</u> |
| Cash generated from operations  | <u>1,435,888</u>   | <u>5,269,050</u> |

# Global Coal Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

### 22. Commitments Under Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

|  | 2017<br>\$     | 2016<br>\$     |
|--|----------------|----------------|
| Land and buildings:                    |                |                |
| Amount payable in one year             | 332,865        | 335,810        |
| Amount payable in second to fifth year | <u>267,457</u> | <u>604,393</u> |
|  | <u>600,322</u> | <u>940,203</u> |

### 23. Ultimate parent company and controlling party

The ultimate parent undertaking by virtue of its shareholding is Global HubCo BV, a company registered in the Netherlands. Accounts are available from Global HubCo BV, Strawinskylaan 3015, 1077 2X Amsterdam, The Netherlands.

In the opinion of the directors, there is no single controlling party given that the shareholders' agreement has provisions, separate from rights attaching to shares, such that a "consumer" shareholder must agree to a vote in addition to votes cast by "producer" shareholders (Global HubCo BV and Anglo American Finance (UK) Plc) before certain special resolutions can be passed.

### 24. Retirement benefits

The company operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of this scheme are held separately from those of the company in an independently administered fund. The contributions payable by the company charged to profit or loss amounted to \$218,688 (2016: \$217,300). There were no contributions outstanding as of the year end (2016: \$48,700).

### 25. Remuneration of key management personnel

Key management personnel compensation, which relates to the senior management team, amounted to \$2,594,629 in 2017 (2016: \$2,201,992)