COMPANY REGISTRATION NO. 05110139 (England and Wales)

CELTIC MINING GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

CELTIC MINING GROUP LIMITED

COMPANY INFORMATION

Directors	Mr R Walters Mr W Watson Mr M E R Llewellyn DHM Consultancy Limited
Secretary	Mr M E R Llewellyn
Company number	05110139
Registered office	9 Beddau Way Castlegate Business Park Caerphilly United Kingdom CF83 2AX
Auditor	UHY Hacker Young Lanyon House Mission Court Newport South Wales United Kingdom NP20 2DW

CELTIC MINING GROUP LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Directors' responsibilities statement	6
Independent auditor's report	7 - 8
Profit and loss account	9
Statement of comprehensive income	10
Group balance sheet	11
Company balance sheet	12
Group statement of changes in equity	13
Company statement of changes in equity	14
Group statement of cash flows	15
Notes to the financial statements	16 - 42

CELTIC MINING GROUP LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Fair review of the business
Celtic Mining Group Limited group ("the group") owns and operates opencast mines in South Wales.

The results for the group show a pre-tax profit of £23.3m (2019: £60.4m) and turnover of £33.7m (2019: £38.3m)

Group turnover has reduced by approximately 12.2% compared with 2018/19 (1.8% reduction in the previous year) as a result of reduced production and sales.

Profit again has not principally been created by trading activities but by the release of restoration provisions. Restoration provisions have been charged to the P&L account since Celtic Energy was privatised in 1994 although they have not been supported by cash balances. As sites have either been restored to the satisfaction of the local planning authorities or have ceased coaling with restoration costs able to be accurately predicted, restoration provisions can be released from the accounts. This has resulted in very large provision releases in the current year and the prior year. Those releases in turn produce very large accounting profits which, whilst subject to corporation tax, does not represent cash income to the group.

The directors also monitor performance by reference to non-financial key performance indicators as follows:

	2020	2019
Number of accidents	11	9
Dangerous occurrences	-	-
Number of complaints	9	20
Complaints excluding blasting	9	8

Site Development
Restoration work at Selar is now substantially complete.

Coaling operations at East Pit were completed, as planned, in early 2019 and restoration works are progressing well with completion expected in 2021.

Coaling operations at Nant Helen restarted in 2019 and are expected to finish in 2021 with restoration continuing until 2023.

There will be no further coaling operations beyond 2021 as the group transitions away from coal mining to focus on commercial property in the future.

General
We are continuing to develop proposals for regeneration legacy projects at East Pit and Nant Helen.

At Nant Helen, the Welsh Government's Global Centre of Rail Excellence project is continuing through the design and feasibility phases and a planning application for the overall scheme is expected in 2021.

At East Pit, discussions with a potential developer of an outdoor education centre at the site have stalled due to the coronavirus pandemic and its impact on the developer.

Trading conditions remain challenging with continuing uncertainty around Brexit and the general environmental concerns surrounding coal use.

Section 172 statement
The directors of the company act in good faith to promote the success of the company and the group, in a fair manner with high standards of business conduct.

The directors recognise their responsibilities under the Act and are satisfied they have met their duties regarding these matters.

The directors fulfil their duties through a governance framework that delegates day-to-day decision making to employees of the group.

Much of the group's medium and long-term strategy has been determined by external factors such as the availability of planning consent and coal license as well as the availability of coal resources.

We plan to operate our final mine at Nant Helen until mid 2021 to the highest health and safety and environmental standards. We will then continue to sell remaining coal stocks.

After coaling sites will be restored for agriculture, forestry and local amenity including wetlands, tree plantations and other forms of development.

Business relationships and conduct
The directors acknowledge the importance of the group's customers to the success of the group.

We are committed to providing the highest levels of service. We have dedicated client service teams who are responsible for managing our customer relationships ensuring their needs are met. We hold regular meetings with our major customers focusing on key areas such as quality and delivery times.

We also recognise the key part that our suppliers play in our business. We value all our suppliers and have contracts with our key suppliers.

Employees and employee participation
The group has always been committed to recruiting, developing and retaining a strong and diverse workforce.

The directors recognise the roles which employees bring to the success of the group, through skill, experience and commitment; their wellbeing is a priority of the directors.

The group's policy is to consult and discuss with employees, through unions and staff meetings, matters likely to affect employees' interests.

Community and Environment
The directors are mindful of the impact the group's operations have on the community and the environment.

The group is aware of its corporate social accountability, particularly in its interaction with neighbours and the environment. The board recognises its responsibility in ensuring that company developments are sustainable, and that an ecological balance is maintained when exploiting mineral resources.

Principal risk and uncertainties
Celtic Mining Group's business faces a number of risks and uncertainties, some of which are inherent in the nature of its operations. Company management looks at each of the risks faced and chooses what it believes to be appropriate methods or strategies to manage those risks to the extent that it is able to do so. The Board periodically reviews its chosen strategies to ensure it continues to meet the challenges faced.

The key risks within the business may be summarised as follows:

Planning risk
The business is dependent on its ability to operate coal reserves with appropriate planning permissions and extraction licences. We work in close co-operation with the relevant regulatory authorities both to operate the existing sites and also to seek valid permissions for further economic coal reserves;

Market risk
The company operates within a highly competitive environment where prices are largely driven by world commodity markets. The company operates its business to achieve a degree of stability in its prices over the short to medium term, whilst managing our productive capacity to reflect our view of the longer term trend in market size;

Geological/mining risk
Our site operations involve the extraction of a mineral from its natural environment and are susceptible to the inherent variability in the volume, quality and accessibility of that mineral. Our mines are planned and managed using detailed geological and engineering models and information to limit our exposure to those inherent variabilities, and their resulting impact on sales volumes and our cost base; and

Operational risk
Our business involves the use of heavy equipment undertaking what are potentially environmentally sensitive activities. As such, our operations are planned and organised to address the heath & safety issues involved in our day-to-day working practices and both the immediate and long term potential environmental impacts. Our operations are conducted with regular monitoring and dialogue with the relevant regulatory authorities, ensuring that our business is undertaken both responsibly and sustainably, within appropriate constraints.

Other performance indicators
Uncertainty due to the Covid-19 outbreak has been considered as part of the company's and the group's adoption of the going concern basis. The impact on the group's business and results have been limited. The board has put measures in place to limit the risks of transmission at its head office and its operating sites; the impact of production and sales has been limited.

In June 2020 The Welsh Government refused to confirm the company's licence for the extraction of coal despite the licence being granted by the Coal Authority until 31 December 2021; this meant that there was significant doubt over the company's ability to continue to trade.

However, the Welsh Government reversed that decision in January 2021 and has now authorised the company's coal licence until 31 December 2021.

The directors have updated the group's cashflow projections for the foreseeable future (being at least 12 months from the date of approval of these financial statements),

At the time of approving the financial statements, the directors have a reasonable expectation that the company nad the group ha ve adequate resources to meet debts as they fall due for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

On behalf of the board

Mr W Watson
Director
22 March 2021

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities
The principal activity of the company continued to be that of a holding company for the group.

The principal activity of the group continued to be that of surface mine operators and associated activities.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R Walters
Mr W Watson
Mr M E R Llewellyn
DHM Consultancy Limited

Results and dividends
The results for the year are set out on page 9.

Auditor
UHY Hacker Young have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Energy and carbon report
We have reported on all sources of GHG emissions and energy usage as required under The Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended.

GHG emissions and energy usage

GHG emissions and energy usage data for period 1 April 2019 to 31 March 2020		
	2020	2019
Emissions from combustion of gas (Scope 1 – tonnes of CO2e)	7.069	N/A
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO2e)	22,504.84	N/A
Emissions from combustion of fuel for other purposes (Scope 1 – tonnes of CO2e)	3,360.62	N/A
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO2e)	1014.38	N/A
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3 – tonnes of CO2e)	-	N/A
Total gross CO2e based on above	26,886.9	N/A
Energy consumption used to calculate emissions – kwh	101,404.77	N/A
Chosen intensity measurement – tonnes of CO2e per £m of revenue	0.798	N/A

We are committed to taking action to tackle climate change. We completed the UK government required Energy Saving Obligations Scheme audits and identified potential energy costs savings. Emission reduction projects including lighting upgrades, more efficient equipment and behavioural change campaigns are all underway.

Statement of disclosure 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 of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr W Watson
Director

22 March 2021

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

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 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CELTIC MINING GROUP LIMITED

Opinion

We have audited the financial statements of Celtic Mining Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 group's and the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 group's or the parent 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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 our 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 group and the parent 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 group's and the parent 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 group or the parent 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.

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.

Mr John Griffiths (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

22 March 2021

Chartered Accountants
Statutory Auditor

Newport
South Wales
United Kingdom

CELTIC MINING GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Turnover	3		33,674		38,347
Cost of sales:					
Exceptional movement in operating provisions	4	21,253		54,852	
Gas oil derivative expenses		-		(23)	
Other cost of sales		(19,279)		(25,000)	
Total cost of sales			1,974		29,829
Gross profit			35,648		68,176
Administrative expenses			(10,213)		(7,949)
Other operating income			869		1,033
Operating profit	5		26,304		61,260
Interest receivable and similar income	9		453		1,478
Interest payable and similar expenses	10		(1,124)		(2,306)
Fair value gains and losses on investments	11		(2,320)		-
Profit before taxation			23,313		60,432
Tax on profit	12		(2,796)		(8,622)
Profit for the financial year			20,517		51,810

Profit for the financial year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CELTIC MINING GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	2020 £'000	2019 £'000
Profit for the year	20,517	51,810
Other comprehensive income		
Actuarial (loss)/gain on defined benefit pension schemes	(437)	43
Total comprehensive income for the year	20,080	51,853

Total comprehensive income for the year is all attributable to the owners of the parent company.

CELTIC MINING GROUP LIMITED

GROUP BALANCE SHEET
AS AT 31 MARCH 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Tangible assets	**15**		6,062		7,105
Investment properties	**14**		15,270		14,810
			21,332		21,915
Current assets					
Stocks	**19**	7,807		7,451	
Debtors	**21**	36,847		43,169	
Investments	**20**	22,992		22,831	
Cash at bank and in hand		16,675		21,687	
		84,321		95,138	
Creditors: amounts falling due within one year	**22**	(10,060)		(12,185)	
Net current assets			74,261		82,953
Total assets less current liabilities			95,593		104,868
Creditors: amounts falling due after more than one year	**23**		-		(10)
Provisions for liabilities	**25**		(50,975)		(80,320)
Net assets			44,618		24,538
Capital and reserves					
Revaluation reserve			1,060		1,060
Profit and loss reserves			43,558		23,478
Total equity			44,618		24,538

The financial statements were approved by the board of directors and authorised for issue on 22 March 2021 and are signed on its behalf by:

Mr W Watson
Director

DHM Consultancy Limited
Director

CELTIC MINING GROUP LIMITED

COMPANY BALANCE SHEET
AS AT 31 MARCH 2020

		2020		2019	
	Notes	**£'000**	**£'000**	**£'000**	**£'000**
Current assets		-		-	
Creditors: amounts falling due within one year	**22**	(45,581)		(45,581)	
Net current liabilities			(45,581)		(45,581)
Capital and reserves					
Profit and loss reserves			(45,581)		(45,581)

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The c ompany's profit for the year was £0 (2019: £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 22 March 2021 and are signed on its behalf by:

Mr W Watson
Director

DHM Consultancy Limited
Director

Company Registration No. 05110139

CELTIC MINING GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Revaluation reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2018	1,060	(28,375)	(27,315)
Year ended 31 March 2019:			
Profit for the year	-	51,810	51,810
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	43	43
Total comprehensive income for the year	-	51,853	51,853
Balance at 31 March 2019	1,060	23,478	24,538
Year ended 31 March 2020:			
Profit for the year	-	20,517	20,517
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	(437)	(437)
Total comprehensive income for the year	-	20,080	20,080
Balance at 31 March 2020	1,060	43,558	44,618

The revaluation reserve represents the cumulative effect of revaluations of freehold and leasehold land and buildings and investment property.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

CELTIC MINING GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Profit and loss reserves £'000
Balance at 1 April 2018	(45,581)
Year ended 31 March 2019:	
Profit and total comprehensive income for the year	-
Balance at 31 March 2019	(45,581)
Year ended 31 March 2020:	
Profit and total comprehensive income for the year	-
Balance at 31 March 2020	(45,581)

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

CELTIC MINING GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash generated from operations	**33**		7,688		12,059
Interest paid			2		(12)
Income taxes paid			(10,096)		(899)
Net cash (outflow)/inflow from operating activities			(2,406)		11,148
Investing activities					
Purchase of tangible fixed assets		(46)		(110)	
Proceeds on disposal of tangible fixed assets		98		348	
Purchase of investment property		(950)		(2,261)	
Proceeds on disposal of investment property		660		239	
Purchase of current asset investments		(2,480)		(8,910)	
Interest received		242		265	
Net cash used in investing activities			(2,476)		(10,429)
Financing activities					
Payment of finance leases obligations		(130)		(224)	
Net cash used in financing activities			(130)		(224)
Net (decrease)/increase in cash and cash equivalents			(5,012)		495
Cash and cash equivalents at beginning of year			21,687		21,192
Cash and cash equivalents at end of year			16,675		21,687

1 Accounting policies

Company information

Celtic Mining Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 9 Beddau Way, Castlegate Business Park, Caerphilly, United Kingdom, CF83 2AX.

The group consists of Celtic Mining Group Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being the parent company of a group where that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2019: £0 profit).

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries are accounted for at cost less impairment.

1 Accounting policies **(Continued)**

The consolidated financial statements incorporate those of Celtic Mining Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 March 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

Uncertainty due to the Covid-19 outbreak has been considered as part of the company's and the group's adoption of the going concern basis. The impact on the group's business and results have been limited. The board has put measures in place to limit the risks of transmission at its head office and its operating sites; the impact of production and sales has been limited.

In June 2020 The Welsh Government refused to confirm the company's licence for the extraction of coal despite the licence being granted by the Coal Authority until 31 December 2021; this meant that there was significant doubt over the company's ability to continue to trade.

However, the Welsh Government reversed that decision in January 2021 and has now authorised the company's coal licence until 31 December 2021.

The directors have updated the group's cashflow projections for the foreseeable future (being at least 12 months from the date of approval of these financial statements),

At the time of approving the financial statements, the directors have a reasonable expectation that the company nad the group have adequate resources to meet debts as they fall due for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

1 Accounting policies **(Continued)**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% per annum on buildings, land not depreciated
Plant and machinery - fixed	10% per annum
Computer equipment	33% per annum
Plant and machinery - mobile	12.5% to 20% per annum
Motor vehicles	33% per annum
Surface works	10% per annum
Surface mine preparation, restoration, rehabilitation and pre-coaling costs	unit of production basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

Depreciation is not provided in respect of investment properties.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cost includes production and preparation costs appropriate to the relevant stage of production.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1 Accounting policies **(Continued)**

1.10 Financial instruments

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

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

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 profit or loss, 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.

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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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 are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

1 Accounting policies (Continued)

Basic financial liabilities, including creditors and loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Other financial liabilities
Derivatives, including swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities
Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.12 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises. Further detail is provided in note 2.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The company operates both a defined benefit scheme and defined contribution schemes.

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

In respect of the defined benefit scheme, contributions are paid to the scheme in accordance with the recommendations of independent actuaries to enable the trustees to meet from the scheme the benefits accruing in respect of current and future service.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1 Accounting policies **(Continued)**

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the company's defined benefit pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The pension scheme surplus, to the extent that it is considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

The costs of providing other post retirement benefits are charged to the profit and loss account over the service lives of the relevant employees.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.16 Mining costs

Exploration costs

Exploration costs to prove reserves at both existing and prospective sites are charged to revenue as incurred.

Pre-coaling expenditure

Expenditure, other than recoverable land acquisition costs, incurred at each site prior to the extraction of coal is capitalised in tangible fixed assets as surface mines and charged to the profit and loss account over the coaling life of the site on a unit of production basis.

Capitalised stripping costs

Where the actual stripping ratio for a site (the ratio of muck to saleable coal) is higher than the expected average stripping ratio, the excess removal cost is capitalised and included in site costs when the company is able to accurately estimate the expected average stripping ratio for a site. The amount capitalised is released to the profit and loss account when the actual stripping ratio falls below the expected average stripping ratio.

No liability is recognised for deferred stripping cost.

Restoration and rehabilitation

The total costs of reinstatement of soil excavation and of surface restoration are recognised as a provision on site commissioning when the obligation arises. The amount provided represents the present value of the expected future costs. Costs are charged to the provision as incurred and the unwinding of the discount is included in the interest charge for the year. An asset is created for an amount equivalent to the initial provision and is included in fixed assets under opencast sites. This is amortised to the profit and loss account on a unit of production basis over the life of the site.

1 Accounting policies **(Continued)**

1.17 Repair and maintenance costs

Repair and maintenance costs under long-term sub-contract arrangements reflect the average committed cost of repair and maintenance obligations incurred up to the balance sheet date. Expenditure on repairs and maintenance is recognised in the profit and loss account when a commitment to incur expenditure arises, through the operation of a contract or purchase arrangement.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Going concern

Market conditions continue to be challenging however world prices remained favourable.

In June 2020 The Welsh Government refused to confirm the company's licence for the extraction of coal despite the licence being granted by the Coal Authority until 31 December 2021; this meant that there was significant doubt over the company's ability to continue to trade.

However, the Welsh Government reversed that decision in January 2021 and has now authorised the company's coal licence until 31 December 2021.

The Board has concluded that it is appropriate for the group to continue as a going concern.

In making its judgement, the Board has considered the group's detailed forecasts and business plans in conjunction with the group's resources and obligations and has concluded that it is appropriate for the company to continue.

Stock valuation

At 31 March 2020 the group held stock of £7,807,000 (2019: £7,451,000). Stocks are valued at the lower cost and net realisable value. Net realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty
The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Operating provisions
The restoration and rehabilitation provision is made based on management's best estimate of the net present value of the cashflows associated with fulfilling these obligations. These estimates include significant estimation of factors such as the ratio of muck to coal in future coaling areas and changes in future operating factors and costs. The restoration works are expected to be carried out over a period spanning more than 5 years after the balance sheet date.

Management's best estimate of the present value of the group's obligations at 31 March 2020 as set out in note 25 is approximately £49.7 million (2019: £78.9 million), however changes in factors that contribute to these estimates have a significant impact on the estimated liability, therefore the actual liability could vary significantly. Unwinding of discount in creased the provision by £1.1 million in the current year (2019: £1.7 million increase).

As discussed in note 4, provisions have been reduced by £21.3 million (2019: £54.9 million), this has been reflected in the profit and loss as an exceptional item.

The group spent £9.1 million (2019: £3.9 million) on restoration during the year.

Surface mines
Restoration and rehabilitation assets are created for an amount equivalent to the initial provision and are included in fixed assets under surface mine assets. The assets are amortised on a unit of production basis. The carrying value of surface mine assets is susceptible to the same uncertainties as the estimation of operating provisions. At 31 March 2020 and 31 March 2019 the carrying value of restoration and rehabilitation assets had been fully amortised,

Surface mine assets also include capitalised stripping costs. The estimates of stripping cost assets include significant estimation of factors such as the ratio of muck to coal in future coaling areas. Changes in these estimates can have a significant impact on the estimation of stripping cost carried forward. At 31 March 2020 the carrying value of capitalised stripping costs was £nil (2019: £nil).

Defined benefit pension
The group operates a defined benefit pension scheme. The present value of the defined benefit obligation depends on a number of factors as set out in note 27 including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors, with guidance from the group's actuary, in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends; however the choice of assumptions can have a significant impact on the balance recorded.

Investment properties
At 31 March 2020 the group held investment properties with a value of £15,270,000 (2019: £14,810,000). The group carries investment properties at fair value. Changes in the fair value of investment properties are recognised in profit or loss. The valuations have been carried out by the board based on comparable market data. The key factors affecting the values are the anticipated yields and anticipated occupancy rates.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020 £'000	2019 £'000
Turnover analysed by class of business		
Sale of goods	33,674	38,347

	2020 £'000	2019 £'000
Other significant revenue		
Gains on financial instruments measured at fair value through profit and loss	-	968
Interest income	453	510

	2020 £'000	2019 £'000
Turnover analysed by geographical market		
United Kingdom	26,009	28,253
Rest of Europe	7,665	10,094
	33,674	38,347

4 Exceptional costs/(income)

	2020 £'000	2019 £'000
Exceptional costs included in cost of sales		
Movement in operating provisions	(21,253)	(54,852)

Operating provisions

In the prior year work was completed on the restoration of the group's former site at Margam. The group had been working on a revised restoration strategy with Port Talbot Council, however until restoration was complete and signed off the group was obligated to the original, more costly, restoration plan. The restoration has now been completed to the revised plan and signed off, therefore the group's obligation in respect of restoration at Margam is complete. This enabled the group to release the remaining restoration provision related to Margam of £33.5 million. The group is still obligated to ongoing rehabilitation costs; these costs have also been re-evaluated and the overall provision has been reduced by £0.1 million to £1.0 million at 31 March 2020.

The experience at Margam and the progress of progressive restoration at other sites has enabled the group to re-evaluate provisions in respect of obligations at other sites; as a result the group has reduced its estimate of the cost of restoring other sites by £19.5 million. The total restoration provision for these sites has reduced from £69.1 million to £41.2 million. The group spent £9.1 million restoring these sites during 2019/20 and unwinding of discount increased the opening provision by £1.0 million. The expected cost of rehabilitation of these sites was revised to £5.9 million from £7.5 million; a reduction of £1.8 million (after unwinding discount of £0.2 million increased the opening provision).

Refer to note 25 for further detail.

5 Operating profit

	2020	2019
	£'000	£'000
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	1,023	2,026
Depreciation of tangible fixed assets held under finance leases	-	115
Profit on disposal of tangible fixed assets	(201)	(382)
Cost of stocks recognised as an expense	(9,568)	(38,299)
Operating lease rentals - plant and machinery	7,160	6,377
Operating lease rentals - other	3	5
Rents receivable from property	(976)	(1,033)
Exceptional items (see note 4)	(21,253)	(54,852)

6 Employees

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

	Group		Company	
	2020	2019	2020	2019
	Number	Number	Number	Number
Mining operations	180	181	-	-
Technical support	1	1	-	-
Selling	3	3	-	-
Management and distribution	12	12	-	-
Total	196	197	-	-

Their aggregate remuneration comprised:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Wages and salaries	13,273	11,226	-	-
Social security costs	1,535	1,265	-	-
Pension costs	382	385	-	-
	15,190	12,876	-	-

7 Directors' remuneration

	2020	2019
	£'000	£'000
Remuneration for qualifying services	6,425	4,519
Company pension contributions to defined contribution schemes	19	1
	6,444	4,520

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020	2019
	£'000	£'000
Remuneration for qualifying services	4,237	2,858
Company pension contributions to defined contribution schemes	19	1

The number of directors to whom retirement benefits are accruing under defined benefit contribution schemes amounted to 1 (2019: 1).

8 Auditor's remuneration

	2020	2019
Fees payable to the company's auditor and associates:	£'000	£'000
For audit services		
Audit of the financial statements of the group and company	4	4
Audit of the financial statements of the company's subsidiaries	36	36
	40	40
For other services		
All other non-audit services	6	6

The auditors are remunerated by Celtic Energy Limited for their services to the group as a whole.

9 Interest receivable and similar income

	2020	2019
	£'000	£'000
Interest income		
Interest on bank deposits	453	510
Other income from investments		
Gains on financial instruments measured at fair value through profit or loss	-	968
Total income	453	1,478

9 Interest receivable and similar income **(Continued)**

Investment income includes the following:

Interest on financial assets measured at fair value through profit or loss	-	968

10 Interest payable and similar expenses

	2020	2019
	£'000	£'000
Interest on bank overdrafts and loans	4	-
Interest on finance leases and hire purchase contracts	2	7
Unwinding of discount on provisions (note 25)	1,129	1,674
Net interest on pension (note 27)	(8)	(10)
Other interest	(3)	635
Total finance costs	1,124	2,306

11 Fair value gains and losses on investments

	2020	2019
	£'000	£'000
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	(2,320)	-

12 Taxation

	2020	2019
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	3,111	8,593
Adjustments in respect of prior periods	(315)	29
Total current tax	2,796	8,622

12 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £'000	2019 £'000
Profit before taxation	23,313	60,431
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	4,429	11,482
Tax effect of expenses that are not deductible in determining taxable profit	66	67
Tax effect of income not taxable in determining taxable profit	(83)	-
Adjustments in respect of prior years	(315)	29
Other permanent differences	(83)	8
Movements in deferred tax on pension liability	(1,218)	(2,964)
Taxation charge	2,796	8,622

The group has approximately £nil (2019: £nil) of trading losses and £3.6 million (2019: £3.6 million) of capital losses carried forward.

13 Intangible fixed assets

Group	Goodwill £'000
Cost	
At 1 April 2019 and 31 March 2020	43,200
Amortisation and impairment	
At 1 April 2019 and 31 March 2020	43,200
Carrying amount	
At 31 March 2020	-
At 31 March 2019	-

The company had no intangible fixed assets at 31 March 2020 or 31 March 2019.

14 Investment property

	Group 2020 £'000	Company 2020 £'000
Fair value		
At 1 April 2019 and 31 March 2020	14,810	-
Additions through external acquisition	950	-
Disposals	(490)	-
At 31 March 2020	15,270	-

Investment properties, which are all freehold, were valued on an open market existing use basis at 31 March 2020 by the directors. The properties are not depreciated.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Cost	14,571	14,256	-	-
Accumulated depreciation	(1,010)	(817)	-	-
Carrying amount	13,561	13,439	-	-

15 Tangible fixed assets

Group	Freehold land and buildings	Plant, machinery and equipment	Surface mines	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2019	4,545	30,480	47,552	82,577
Additions	-	46	-	46
Disposals	-	(619)	-	(619)
At 31 March 2020	4,545	29,907	47,552	82,004
Depreciation and impairment				
At 1 April 2019	214	27,709	47,549	75,472
Depreciation charged in the year	26	995	2	1,023
Eliminated in respect of disposals	-	(553)	-	(553)
At 31 March 2020	240	28,151	47,551	75,942
Carrying amount				
At 31 March 2020	4,305	1,756	1	6,062
At 31 March 2019	4,331	2,771	3	7,105

The company had no tangible fixed assets assets at 31 March 2020 or 31 March 2019.

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2020	2019	Company 2020	2019
	£'000	£'000	£'000	£'000
Plant, machinery and equipment	-	490	-	-
Depreciation charge for the year in respect of leased assets	-	115	-	-

Surface mine sites represents the capitalised costs of site preparation, restoration, rehabilitation and stripping costs. As explained in note 2 these items are based on management estimates and involve significant uncertainty. Variations in provisions affect the carrying value of surface mine assets based on the stage of completion of the site.

16 Fixed asset investments

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Shares in group undertakings				
Cost	-	-	64,030	64,030
Provisions	-	-	(64,030)	(64,030)
Net book value	-	-	-	-

17 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Celtic Energy Limited	Opencast mining	Ordinary	0	100.00
Celtic Group Holdings	Holding company	Ordinary	0	100.00
Celtic Mining Limited	Dormant	Ordinary	0	100.00
Celtic Mining Operations Group Limited	Holding company	Ordinary	100.00	0

All of the above companies are incorporated in Great Britain and registered in England and Wales. The registered office of all of the above companies is 9 Beddau Way, Castlegate Business Park, Caerphilly, CF83 2AX.

18 Financial instruments

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	36,202	42,521	n/a	n/a
Equity instruments measured at cost less impairment	22,992	22,831	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	7,803	3,051	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

19 Stocks

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Coal stock	7,049	6,470	-	-
Consumables	758	981	-	-
	7,807	7,451	-	-

20 Current asset investments

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Listed investments	22,992	22,831	-	-
Listed investments included above:				
Listed investments carrying amount	22,992	22,831	-	-

21 Debtors

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Amounts falling due within one year:				
Trade debtors	7,188	6,893	-	-
Corporation tax recoverable	235	235	-	-
Other debtors	645	347	-	-
Prepayments and accrued income	410	412	-	-
	8,478	7,887	-	-
Amounts falling due after more than one year:				
Cash funds held by LPAs	28,369	35,282	-	-
Total debtors	36,847	43,169	-	-

Cash funds held by Local Planning Authorities (LPAs) are cash balances paid by the group as part of its Section 106 commitments and will be repaid to the group on milestones during the restoration and rehabilitation of the relevant sites.

22 Creditors: amounts falling due within one year

		Group		Company	
		2020	2019	2020	2019
	Notes	£'000	£'000	£'000	£'000
Obligations under finance leases	24	-	120	-	-
Trade creditors		1,840	1,344	-	-
Amounts owed to group undertakings		-	-	45,581	45,581
Corporation tax payable		1,561	8,861	-	-
Other taxation and social security		696	283	-	-
Other creditors		90	110	-	-
Accruals and deferred income		5,873	1,467	-	-
		10,060	12,185	45,581	45,581

Obligations under hire purchase contracts are secured on the assets to which they relate.

23 Creditors: amounts falling due after more than one year

		Group		Company	
		2020	2019	2020	2019
	Notes	£'000	£'000	£'000	£'000
Obligations under finance leases	24	-	10	-	-

Obligations under hire purchase contracts are secured on the assets to which they relate.

24 Finance lease obligations

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Future minimum lease payments due under finance leases:				
Within one year	-	120	-	-
In two to five years	-	10	-	-
	-	130	-	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. All leases expired during the year.

25 Provisions for liabilities

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Operating provisions	49,693	78,949	-	-
Concessionary fuel	1,282	1,371	-	-
	50,975	80,320	-	-

Movements on provisions:

Group	Operating provisions £'000	Concessionary fuel £'000	Total £'000
At 1 April 2019	78,949	1,371	80,320
Reversal of provision	(21,253)	(47)	(21,300)
Utilisation of provision	(9,132)	(42)	(9,174)
Unwinding of discount	1,129	-	1,129
At 31 March 2020	49,693	1,282	50,975

Operating provisions

Operating provisions exist for restoration and rehabilitation of surface mine sites and distribution centres.

The total costs of reinstatement of soil excavation and of surface restoration are recognised as a provision on site commissioning when the obligation arises. The amount provided represents the present value of the expected future costs. Costs are charged to the provision as incurred and the unwinding of the discount is included in the interest charge for the year.

The timing and amounts of cash flows relating to the reinstatement of soil excavation and of surface restoration, of opencast sites and distribution centres, were estimated by management based on:
- past experience
- current extraction ratios
- best estimates of coaling cessation
- expectation of the cost and timing of site restoration/rehabilitation.

As set out in note 2 these items are based on management estimates and involve significant uncertainty.

25 Provisions for liabilities (Continued)

Concessionary fuel retirement benefits

The company has a commitment to provide concessionary fuel benefits to retired ex British Coal employees. At retirement upon attaining the age of 50, and having been employed for a minimum of 15 years, employees become entitled to a retirement fuel allowance. 14 current workers and 21 former workers and widows are entitled to receive this benefit; 24 currently take this.

The principal assumptions used to estimate the amount of the provision are given below:

	2020	2019
Average retirement age	65 years	65 years
Discount rate	2.25%	2.40%
Pensionable life - current pensioner aged 65	21.4 years	20.7 years
Pensionable life - future retiree upon reaching 65	22.7 years	22.1 years

Concessionary fuel is an unfunded retirement benefit and as such there are no assets in the scheme.

26 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Assets 2020 £'000	Assets 2019 £'000
Accelerated capital allowances	(316)	(67)
Tax losses	675	609
Other timing differences	3,342	4,071
Provision for recoverability	(3,701)	(4,613)
	-	-

The company has no deferred tax assets or liabilities.

There were no deferred tax movements in the year.

27 Retirement benefit schemes

Defined contribution schemes	**2020 £'000**	**2019 £'000**
Charge to profit or loss in respect of defined contribution schemes	326	315

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Outstanding contributions at 31 March 2020 in respect of defined contribution schemes were £34,000 (2019: £33,000).

Defined benefit schemes
The company operates a defined benefit scheme for qualifying employees.

British Coal employees whose employment transferred to Celtic Energy Limited are members of the Industry Wide Coal Staff Superannuation Scheme ("IWCSSS"), a defined benefit scheme. The Celtic Energy employee fund ("the Scheme") is part of the IWCSSS. The assets of the Scheme are held in separate trustee administered funds. The Scheme is subject to triennial valuation by independent professionally qualified actuaries, the most recent valuation being performed as at 31 December 2018.

The valuation was performed by the Scheme Actuary on the Projected Unit Method and reported in accordance with Guidance Note GN9 issued by the Institute of Actuaries and the Faculty of Actuaries, this implied a deficit of £6.1m (2015 valuation: £1.1m).

The company agreed a recovery plan with the actuary; additional contributions of £0.5m were paid in the year and further payments totalling £5.6 million were agreed to be maid in 2021 to 2023. As noted in the post balance sheet events review, the company has subsequently agreed a Buy-in of the scheme which will ultimately transfer the company's obligations to a third party pension provider.

Following the actuarial valuation a revised contribution rate has applied, and additional payments are being made which are intended to make good the remainder of the deficit. For members of the IWCSSS, employer contributions are 65.4% (2015 valuation: 37.1%).

The most recent valuations of plan assets and the present value of the defined benefit obligation on the basis of FRS 102 were carried out at 30 March 2020 by the Scheme Actuary. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Key assumptions	**2020 %**	**2019 %**
Discount rate	2.25	2.40
Expected rate of increase of pensions in payment	2.55	3.05
Expected rate of salary increases	1.55	2.20

27 Retirement benefit schemes **(Continued)**

Mortality assumptions	**2020**	**2019**
Assumed life expectations on retirement at age 65:	**Years**	**Years**
Retiring today		
- Males	21.4	20.7
- Females	23.7	22.6
Retiring in 20 years		
- Males	22.7	22.1
- Females	25.2	24.1

	2020	**2019**
Amounts recognised in the profit and loss account	**£'000**	**£'000**
Current service cost	56	70
Net interest on defined benefit liability/(asset)	(8)	(10)
Other costs and income	119	105
Total costs	167	165

	2020	**2019**
Amounts taken to other comprehensive income	**£'000**	**£'000**
Actual return on scheme assets	(137)	(823)
Less: calculated interest element	455	485
Return on scheme assets excluding interest income	318	(338)
Actuarial changes related to obligations	(1,301)	377
Movement in unrecognised plan surplus	1,338	312
Total costs	355	351

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	£'000	**£'000**	**£'000**	**£'000**
Present value of defined benefit obligations	17,564	18,853	-	-
Fair value of plan assets	(19,296)	(19,165)	-	-
Deficit in scheme	(1,732)	(312)	-	-
Asset not recognised due to asset ceiling	1,732	312	-	-
Total liability recognised	-	-	-	-

27 Retirement benefit schemes **(Continued)**

Movements in the present value of defined benefit obligations	**Group 2020 £'000**
Liabilities at 1 April 2019	18,853
Current service cost	56
Benefits paid	(500)
Contributions from scheme members	9
Actuarial gains and losses	(1,301)
Interest cost	447
At 31 March 2020	17,564

The defined benefit obligations arise from plans which are wholly or partly funded.

Movements in the fair value of plan assets	**Group 2020 £'000**
Fair value of assets at 1 April 2019	19,165
Interest income	455
Return on plan assets (excluding amounts included in net interest)	(318)
Benefits paid	(500)
Contributions by the employer	604
Contributions by scheme members	9
Scheme administration expenses	(119)
At 31 March 2020	19,296

	Group 2020 £'000	**2019 £'000**
Equity instruments	-	3,462
Property	1,168	1,266
Diversified growth fund	-	3,206
Cash and other	497	5
Bonds	15,548	8,652
LDI	2,083	2,574
	19,296	19,165

28 Events after the reporting date

Post year end, the group has completed the Buy-in of the IWCSSS pension scheme which will result in the group's obligations being transferred to a third party pension provider. The group paid £10m to effect the Buy-in; it expects to make a further payment of not more than £5m in order to finalise the transfer sometime in 2022.

As noted in the Strategic report, In June 2020 The Welsh Government refused to confirm the group's licence for the extraction of coal despite the licence being granted by the Coal Authority until 31 December 2021; however, the Welsh Government reversed that decision in January 2021 and has now authorised the group's coal licence until 31 December 2021.

29 Share capital

	Group and company	
	2020	2019
Ordinary share capital	£	£
Issued and fully paid		
1 ordinary share of £1 each	1	1

30 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Within one year	41	60	-	-
Between two and five years	126	134	-	-
In over five years	120	150	-	-
	287	344	-	-

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2020	2019
	£'000	£'000
Aggregate compensation	7,105	5,254

31 Related party transactions **(Continued)**

Other related party transactions
Transactions during the current and previous years with companies in the G. Walters (Holdings) Limited group of companies, a group within the family interests of the company's ultimate controlling shareholder, Mr R J Walters, were as follows:

	Sales / (purchases) during the year 2020 £'000	Sales / (purchases) during the year 2019 £'000
Sale of assets	26	80
Purchase of assets	-	(112)
Income from hire or lease of equipment	2	-
Charges for hire or lease of equipment	(8,565)	(7,563)
Income for services	-	2
Charges for services	(1,045)	(1,005)

All of the above transactions were undertaken on normal commercial terms.

No amounts were written off or provided for in repsect of any of these transactions.

Balances at 31 March 2020 and 2019 with companies in the G. Walters (Holdings) Limited group of companies, a group within the family interests of the company's ultimate controlling shareholder, Mr R J Walters, were as follows:

	2020 £'000	2019 £'000
Total amounts due to the Celtic Mining Group Limited group at the year end	28	-
Total amounts due from the Celtic Mining Group Limited group at the year end	(391)	(567)

31 Related party transactions **(Continued)**

During the year the group incurred £400,000 (2019: £400,000) of consultancy fees from DHM Consultancy Limited a company which is a corporate director of the group. At the year end, there was a balance of £100,000 (2019: £100,000) within prepayments relating to consultancy fees for DHM Consultancy Limited.

During the year the group made sales of £441,000 (2019: £247,000) in the normal course of business to Filtercite Ltd, a company which is a joint venture of a company which is under the common control of Mr R J Walters. At the year end there was a balance of £180,000 (2019: £110,000) due from Filtercite Ltd to the group.

During the 2017/18 year the group made loans to RJW Group Holdings Limited and Celtic Environmental Developments Limited of £269,000 and £850,000 respectively. During the prior year a further £25,000 was advanced to RJW Group Holdings Limited. Both of these companies are under the common control of Mr R J Walters. During the year interest of £8,000 (2019: £7,000) and £23,000 (2019: £23,000) respectively was charged on these loans. At the year end there were balances of £312,000 (2019: £304,000) and £867,000 (2019: £867,000) respectively due from RJW Group Holdings Limited and Celtic Environmental Developments Limited to the group.

An additional loan of £300,000 was made to Mr W Watson, a director of the company, in the year. During the year, interest of £4,000 was charged on this loan.

There were no other transactions requiring disclosure.

No guarantees have been given or received.

32 Controlling party

In the opinion of the directors, the ultimate controlling party is Mr RJ Walters by virtue of his shareholding.

The directors consider that, Mr R J Walters who owns 100% of the voting shares is the ultimate controlling party.

33 Cash generated from group operations

	2020	2019
	£'000	£'000
Profit for the year after tax	20,517	51,810
Adjustments for:		
Taxation charged	2,796	8,622
Finance costs	1,124	2,306
Investment income	(453)	(1,478)
Gain on disposal of tangible fixed assets	(201)	(382)
Depreciation and impairment of tangible fixed assets	1,023	2,141
Amounts written off investments	2,320	-
Pension scheme non-cash movement	(437)	43
Decrease in provisions	(30,474)	(58,756)
Movements in working capital:		
Increase in stocks	(356)	(18)
Decrease in debtors	6,534	9,381
Increase/(decrease) in creditors	5,295	(1,610)
Cash generated from operations	7,688	12,059

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.