
WEST CUMBRIA MINING LIMITED

ANNUAL REPORT
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED
30 JUNE 2017

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COMPANIES HOUSE

WEST CUMBRIA MINING LIMITED
REGISTERED NUMBER:07144109

BALANCE SHEET
AS AT 30 JUNE 2017

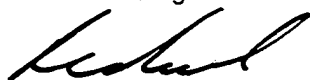
	Note	2017 £	2016 £
Fixed assets			
Intangible assets	4	11,697,761	6,203,764
Tangible assets	5	39,961	54,124
		<u>11,737,722</u>	<u>6,257,888</u>
Current assets			
Debtors	6	1,680,964	172,341
Cash at bank and in hand	7	4,814,063	5,894,319
		<u>6,495,027</u>	<u>6,066,660</u>
Creditors: amounts falling due within one year	8	(1,389,663)	(416,945)
Net current assets		<u>5,105,364</u>	<u>5,649,715</u>
Total assets less current liabilities		<u>16,843,086</u>	<u>11,907,603</u>
Creditors: amounts falling due after more than one year	9	-	(14,597,409)
Net assets/(liabilities)		<u><u>16,843,086</u></u>	<u><u>(2,689,806)</u></u>
Capital and reserves			
Called up share capital	10	1	1
Capital contribution	11	21,258,203	-
Profit and loss account	11	(4,415,118)	(2,689,807)
		<u>16,843,086</u>	<u>(2,689,806)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the profit and loss account and Directors' report in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 1 to 13 were approved and authorised for issue by the board on 1 February 2018 and were signed on its behalf by:



R. C. Round
Director

WEST CUMBRIA MINING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Called up share capital £	Capital contribution £	Profit and loss account £	Total equity £
At 1 July 2015	1	-	(1,298,522)	(1,298,521)
Comprehensive income for the year				
Loss for the year	-	-	(1,391,285)	(1,391,285)
Total comprehensive income for the year	-	-	(1,391,285)	(1,391,285)
At 1 July 2016	1	-	(2,689,807)	(2,689,806)
Comprehensive income for the year				
Loss for the year	-	-	(1,725,311)	(1,725,311)
Total comprehensive income for the year	-	-	(1,725,311)	(1,725,311)
Capital contribution - share based payment	-	173,764	-	173,764
Capital contribution - Parent company	-	21,084,439	-	21,084,439
At 30 June 2017	1	21,258,203	(4,415,118)	16,843,086

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Accounting policies

1.1 Statement of compliance

The principal activity of the Company continued to be that of developing metallurgical coal projects in the UK, with the intention of producing coking coal for both domestic and overseas steel producing customers.

West Cumbria Mining Limited is a wholly owned subsidiary of West Cumbria Mining (Holdings) Limited and is incorporated and domiciled in England and Wales. The address of its registered office is Belgrave House, 39 - 43 Monument Hill, Weybridge, Surrey, KT13 8RN. The principal place of business is 4th Floor Oakfield House, 35 Perrymount Road, Haywards Heath, West Sussex, RH16 3BW.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified for the recognition of certain financial assets and liabilities measured at fair value in accordance with United Kingdom Accounting Standards, including Section 1A 'Small Entities' of Financial Reporting Standard 102, *'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'* ("FRS 102") and the Companies Act 2006.

The Company has adopted FRS 102 for the first time in these financial statements. The Company transitioned from previously extant United Kingdom Generally Accepted Accounting Practice ("UK GAAP") as at 1 July 2015. An explanation of how the transition to FRS 102 has affected the reported financial position and financial performance is given in note 16.

The preparation of financial statements 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 2.

1.3 Going concern

The company and its immediate parent are developing metallurgical coal projects in the UK. The directors have prepared a group cash flow forecast for a period of twelve months from the date of signing of these financial statements to support a plan of activities for that period. The group cash flow projections indicate the requirement for additional funding, the principal shareholder of the immediate parent has indicated their willingness to underwrite and ensure the provision of this funding and therefore the Directors have prepared the financial statements on the going concern basis.

1.4 Revenue

Interest income

Revenue is recognised as interest accrues using the effective interest method.

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Accounting policies (continued)

1.5 Intangible fixed assets and amortisation

Exploration and evaluation expenditure incurred by or on behalf of the company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an allocated portion of overhead expenditure, to the extent that those costs are directly related to operational activities in the area of interest. Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current, are brought into account in the year in which they are incurred and carried forward provided that:

- Such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- Exploitation and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past and future exploration and evaluation expenditure in respect of the area of interest is aggregated within costs of development.

Where capitalised expenditure relates specifically to the granting of a licence, this is amortised over the period of the licence.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use and dismantling and restoration costs.

Depreciation is calculated, using the straight line method, to allocate the cost of assets less their residual value over their estimated useful lives, as follows:

Plant & machinery	- 3 years straight line
Motor vehicles	- 4 years straight line
Fixtures & fittings	- 3 years straight line
Office equipment	- 3 years straight line

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are expensed as incurred.

Tangible fixed assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the Profit and Loss Account and included in 'administrative expenses'.

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Accounting policies (continued)

1.7 Financial instruments

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

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Profit and Loss Account in 'administrative expenses'.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Capital contributions from parent company

Amounts contributed by the parent company are treated as a capital contribution and are included within equity. This is a change of approach from prior periods when such amounts were treated as long term liabilities as the Company considers this to be more reflective of the substance of the ongoing arrangement.

Offsetting

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.

1.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and Loss Account under the heading to which they relate.

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Accounting policies (continued)

1.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Profit and Loss Account. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of corporation tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1.10 Leases

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating Leases: lessee

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the Profit and Loss Account on a straight line basis over the period of the lease. Lease incentives are recognised over the lease term on a straight line basis.

Hire purchase and finance leases

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of change on the balance of the capital repayments outstanding.

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Accounting policies (continued)

1.11 Group issued equity settled share based payments

The Group provides share-based payment arrangements to certain employees of the Company.

Equity-settled arrangements are measured at fair value (excluding the effect on nonmarket based vesting conditions) at the date of grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the profit and loss account.

The Group has no cash-settled arrangements.

The Company's parent company has taken a transitional exemption available upon the adoption of FRS 102, *'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland'*, not to calculate the fair value of equity settled share based payment arrangements which were awarded in or before the commencement of the comparative period.

1.12 Share capital

Ordinary shares are classified as equity.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements management are required to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from these estimates. The following judgement has had the most significant effect on amounts recognised in the financial statements:

Intangible fixed assets

The Company has used its judgement in determining whether capitalised costs in respect of exploration activities should be carried forward as detailed in note 1.5. In determining this the Company has used all information available to assess whether such costs are expected to be recouped through successful development and exploitation, or if they are unable to make a firm assessment as exploration and evaluation has not reached a stage which permits reasonable assessment, that they believe that continued exploration and evaluation will allow such an assessment to be made.

3. Employees

The average monthly number of employees, including directors, during the year was 20 (2016 - 14).

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

4. Intangible assets

	License fees and exploration costs £
Cost	
At 1 July 2016	6,210,177
Additions	5,497,103
At 30 June 2017	<u>11,707,280</u>
Amortisation	
At 1 July 2016	6,413
Charge for the year	3,106
At 30 June 2017	<u>9,519</u>
Net book value	
At 30 June 2017	<u><u>11,697,761</u></u>
At 30 June 2016	<u><u>6,203,764</u></u>

WEST CUMBRIA MINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

5. Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost					
At 1 July 2016	2,141	33,433	32,065	24,545	92,184
Additions	1,995	-	7,355	22,255	31,605
Disposals	-	(20,000)	-	-	(20,000)
At 30 June 2017	<u>4,136</u>	<u>13,433</u>	<u>39,420</u>	<u>46,800</u>	<u>103,789</u>
Depreciation					
At 1 July 2016	753	8,433	18,473	10,401	38,060
Charge for the year on owned assets	929	3,358	11,734	14,551	30,572
Charge for the year on financed assets	-	4,399	-	-	4,399
Disposals	-	(9,203)	-	-	(9,203)
At 30 June 2017	<u>1,682</u>	<u>6,987</u>	<u>30,207</u>	<u>24,952</u>	<u>63,828</u>
Net book value					
At 30 June 2017	<u>2,454</u>	<u>6,446</u>	<u>9,213</u>	<u>21,848</u>	<u>39,961</u>
At 30 June 2016	<u>1,388</u>	<u>25,000</u>	<u>13,592</u>	<u>14,144</u>	<u>54,124</u>

6. Debtors

	2017 £	2016 £
Due after more than one year		
Other debtors	<u>17,487</u>	<u>17,487</u>
	17,487	17,487
Due within one year		
Other debtors	<u>1,663,477</u>	<u>154,854</u>
	<u>1,680,964</u>	<u>172,341</u>

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

7. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>4,814,063</u>	<u>5,894,319</u>

8. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	617,320	316,168
Other taxation and social security	34,250	28,962
Obligations under finance lease and hire purchase contracts	-	14,112
Other creditors	738,093	57,703
	<u>1,389,663</u>	<u>416,945</u>

The obligation under a hire purchase agreement is secured over the related asset.

9. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Amounts owed to group undertakings	<u>-</u>	<u>14,597,409</u>

10. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

11. Reserves

Capital contribution

The capital contribution reserve relate to contributions made by the parent company in respect of share options granted to employees of the Company which will vest in the Parent Company and monies provided by the Parent Company to the Company.

Profit and loss account

The profit and loss account is a wholly distributable reserve.

12. Equity settled share based payments

The Company bears the expense of share options granted by its parent company, West Cumbria Mining (Holdings) Limited, to certain current and former employees of the company. The Company's parent company has taken a transitional exemption available upon the adoption of FRS 102, 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland', not to calculate the fair value of equity settled share based payment arrangements which were awarded in or before the commencement of the comparative period.

All options are settled in the equity of the Company's parent when the options are exercised. Certain options vest on grant with other options vesting on the occurrence of a significant liquidity event. Instruments which have the vesting conditions relating to the occurrence of significant liquidity event will vest upon an asset sale, public listing or sale of the holding company.

During the year 8,050,000 options were granted and as a result a fair value option charge of £173,764 was charged to the profit and loss account with a reciprocal increase in the capital contribution reserve.

Movement in the aggregate number of options in issue, and their weighted average exercise price, during the year were as follows.

	Number 2017	Weighted average exercise price (pence)	Number 2016	Weighted average exercise price (pence)
At 1 July	25,641,667	7.784	-	
Granted during the year	8,050,000	12.861	25,641,667	7.784
Exercised during the year	(4,541,667)	5.528	-	
At 30 June	29,150,000	9.538	25,641,667	7.784

WEST CUMBRIA MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

At 30 June 2017, the weighted average remaining contractual life of options exercisable was 2.66 years (2016: 1.88 years). The weighted average share price at the date of exercise of options in West Cumbria Mining (Holdings) Limited was 9.538p (2016: 7.784p). All the share options are due to expire by 16 August 2021.

Of the 29,150,000 (2016: 25,641,667) options in existence at 30 June 2017; 23,050,000 (2016: 15,000,000) related to current employees with a weighted average exercise price of 9.873p (2016: 8.270p), and 6,100,000 (2016: 10,641,667) related to former employees with a weighted average exercise price of 8.270p (2016: 7.100p).

Of the 29,150,000 (2016: 25,641,667) options in existence at 30 June 2017; 17,500,000 (2016: 19,500,000) related to options with a vesting condition of a significant liquidity event (with a weighted average exercise price of 8.270p (2016: 7.846p)), and 11,650,000 (2016: 6,141,667) related to options that have no vesting condition (with a weighted average exercise price of 11.442p (2016: 7.587)).

13. Commitments under operating leases

At 30 June 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Operating leases which expire:		
Within one year	39,153	40,478
Between two and five years	7,286	46,439
After more than five years	-	-
	<u>46,439</u>	<u>86,917</u>

14. Parent company

The company is 100% owned by West Cumbria Mining (Holdings) Limited, a company incorporated in England and Wales, which is also the parent of the smallest group of undertakings for which group accounts have been drawn up of which the Company is a member. The parent company's registered office is Belgrave House, 39 - 43 Monument Hill, Weybridge, Surrey KT13 8RN and its principal place of business is 4th Floor Oakfield House, 35 Perrymount Road, Haywards Heath, West Sussex, RH16 3BW.

15. Related party transactions

The Company has taken advantage of the exemption provided in FRS 102 Section 1A from disclosing transactions with members of the same group.

Transactions which have occurred with the directors are deemed to have occurred on normal commercial terms and therefore do not require disclosure.

WEST CUMBRIA MINING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

16. First time adoption of FRS102

This is the first time that the Company has presented its results under FRS102. The last financial statements prepared under previously extant UK GAAP were for the year ended 30 June 2016. The date of transisition to FRS102 was 1 July 2015. There were no material adjustments to the Company's reported equity or profit arising during the period of transisition.

17. Auditors' information

As the profit and loss account has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006.

The auditor's report on the accounts and reports for the financial year ended 30 June 2017, which was audited by F.W. Smith, Riches & Co. (Statutory Auditors) and signed on behalf of the auditor by Martin J. Rooney (Senior Statutory Auditor), was unqualified.