

Company registration number 05110139 (England and Wales)

CELTIC MINING GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

CELTIC MINING GROUP LIMITED

COMPANY INFORMATION

Directors Mr R Walters
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 - 2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5 - 7
Profit and loss account	8
Group statement of comprehensive income	9
Group balance sheet	10
Company balance sheet	11
Group statement of changes in equity	12
Company statement of changes in equity	13
Group statement of cash flows	14
Notes to the financial statements	15 - 39

CELTIC MINING GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

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 £14.5m (2021: £16.4m) and turnover of £33.1m (2021: £30.2m)

Group turnover has increased by approximately 9.5% compared with 2020/21.

Profit has again been skewed by non trading activities including movements in the restoration and rehabilitation provisions of £3.4m (2021: -£15.3m) and by fair value gains on investments of £1.5m (2021: £4.9m) and investment properties of £nil (2021: £2.1m). The group also recognised an additional exceptional pension provision of £3.5m (2021: £10.5m) as a result of entering the first stage of the defined benefit pension scheme buy-out.

Future prospects

Having ceased to extract further coal at the Nant Helen site, all opencast sites are now either in restoration, rehabilitation or aftercare phases unless all those commitments have been discharged. To facilitate this, the main trading company in the group, Celtic Energy Limited, plans to cease trading early in 2023, by which time all stocks of coal should be sold and hence no more orders for coal are to be accepted. It will also be necessary to then discharge all and any residual liabilities, or transfer them to other group companies along with any residual assets.

In order to complete the buy out of the IWCSSS pension scheme and thus guarantee future payments to pensioners and future pensioners, it is a legal requirement of the IWCSSS scheme that Celtic Energy Limited is first placed in voluntary members liquidation. To allow this to happen it will be necessary for all current liabilities to be discharged or transferred to other group companies and for assets to be similarly relocated to other group companies.

The commercial and residential property activities will continue within the group and form the basis of future business activity going forward.

CELTIC MINING GROUP LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

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 health & 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.

Going concern

The group's coal licence expired at the end of December 2021, however the group ceased extracting further coal in July 2021. The group will continue to trade the remaining coal extracted, however as noted above, in order to complete the buy-out of the pension scheme the company's subsidiary, Celtic Energy Limited will have to be placed in to members voluntary liquidation.

As noted above, commercial and residential property activities will continue within the group and will form the basis of future business activity going forward.

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 and 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.

On behalf of the board

Mr R Walters
Director
22 December 2022

CELTIC MINING GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors present their annual report and financial statements for the year ended 31 March 2022.

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 during the year continued to be that of surface mine operators and associated activities; albeit the group ceased extracting further coal from all mines in July 2021. The group continues with its commercial and residential property 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

(Resigned 30 July 2022)

Mr M E R Llewellyn

DIIM Consultancy Limited

Results and dividends

The results for the year are set out on page 8.

Post reporting date events

Following the year end the group has sold land at former coaling sites at Nant Helen and Selar for £5.4m; the remaining restoration and rehabilitation obligations were transferred with the title. Escrow funds related to uncompleted works were transferred along with the obligation. This generated an overall profit on disposal of approximately £0.3m.

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.

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 R Walters

Director

22 December 2022

CELTIC MINING GROUP LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

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 ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and 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.

CELTIC MINING GROUP LIMITED

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 2022 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 2022 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 group and parent 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.

Emphasis of matter - Going concern

We draw attention to note 1.3 of the financial statements (Going concern), which explains that the group's coal licence expired in December 2021; the group ceased extracting further coal in July 2021; the group will continue to trade the remaining coal extracted; however the directors intend to liquidate the group's principal trading subsidiary, Celtic Energy Limited in order to facilitate the buy-out of the IWCSST pension scheme. Nevertheless the directors have concluded that the company and group have adequate resources to meet debts as they fall due for the foreseeable future and therefore have continued to adopt the going concern basis in the group accounts. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CELTIC MINING GROUP LIMITED

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF CELTIC MINING GROUP LIMITED**

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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the relevant sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and ISO standards;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

CELTIC MINING GROUP LIMITED

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF CELTIC MINING GROUP LIMITED**

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial statements, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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 December 2022

Chartered Accountants
Statutory Auditor

Newport
South Wales
United Kingdom

CELTIC MINING GROUP LIMITED

**GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022**

	Notes	£'000	2022 £'000	£'000	2021 £'000
Turnover	3		33,077		30,212
Cost of sales:					
Exceptional movement in operating provisions	4	(3,406)		15,286	
Other cost of sales		(9,779)		(20,301)	
Total cost of sales		<u> </u>	(13,185)	<u> </u>	(5,015)
Gross profit			19,892		25,197
Exceptional pension costs		(3,500)		(10,453)	
Other administrative expenses		(4,030)		(7,455)	
Total administrative expenses		<u> </u>	(7,530)	<u> </u>	(17,908)
Other operating income			1,030		901
Operating profit	5		13,392		8,190
Interest receivable and similar income	9		54		1,472
Interest payable and similar expenses	10		(294)		(336)
Fair value gains and losses on investments	11		1,367		4,930
Fair value gains and losses on investment properties	15		-		2,098
Profit before taxation			14,519		16,354
Tax on profit	12		(1,504)		(2,585)
Profit for the financial year			<u> </u> <u> </u>		<u> </u> <u> </u>

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

The group ceased extracting coal from all mines in July 2021 and is now looking to process and sell off all residual coal stocks.

CELTIC MINING GROUP LIMITED

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	2022	2021
	£'000	£'000
Profit for the year	13,015	13,769
Other comprehensive income	-	-
Total comprehensive income for the year	<u>13,015</u>	<u>13,769</u>

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 2022**

	Notes	2022 £'000	£'000	2021 £'000	£'000
Fixed assets					
Tangible assets	16		4,942		5,719
Investment properties	15		19,110		17,195
Investments	17		30		148
			<u>24,082</u>		<u>23,062</u>
Current assets					
Stocks	20	4,527		7,643	
Debtors	22	23,362		34,204	
Investments	21	28,757		23,272	
Cash at bank and in hand		17,012		8,665	
		<u>73,658</u>		<u>73,784</u>	
Creditors: amounts falling due within one year	23	<u>(5,236)</u>		<u>(5,505)</u>	
Net current assets			<u>68,422</u>		<u>68,279</u>
Total assets less current liabilities			92,504		91,341
Provisions for liabilities	24		<u>(17,591)</u>		<u>(32,953)</u>
Net assets excluding pension liability			74,913		58,388
Defined benefit pension liability			<u>(3,510)</u>		<u>-</u>
Net assets			<u><u>71,403</u></u>		<u><u>58,388</u></u>
Capital and reserves					
Revaluation reserve			3,158		3,158
Profit and loss reserves			68,245		55,230
Total equity			<u><u>71,403</u></u>		<u><u>58,388</u></u>

The financial statements were approved by the board of directors and authorised for issue on 22 December 2022 and are signed on its behalf by:

Mr R Walters
Director

CELTIC MINING GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Current assets		-		-	
Creditors: amounts falling due within one year					
	23	<u>(45,581)</u>		<u>(45,581)</u>	
Net current liabilities			<u>(45,581)</u>		<u>(45,581)</u>
Capital and reserves					
Called up share capital	27		-		-
Profit and loss reserves			<u>(45,581)</u>		<u>(45,581)</u>
Total equity			<u>(45,581)</u>		<u>(45,581)</u>

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 (2021: £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 22 December 2022 and are signed on its behalf by:

Mr R Walters
Director

Company registration number 05110139 (England and Wales)

CELTIC MINING GROUP LIMITED

**GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Revaluation reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2020	1,060	43,559	44,619
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	13,769	13,769
Transfers	2,098	(2,098)	-
Balance at 31 March 2021	3,158	55,230	58,388
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	13,015	13,015
Balance at 31 March 2022	3,158	68,245	71,403

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 2022

	Profit and loss reserves £'000
Balance at 1 April 2020	(45,581)
Year ended 31 March 2021:	
Profit and total comprehensive income for the year	-
Balance at 31 March 2021	(45,581)
Year ended 31 March 2022:	
Profit and total comprehensive income for the year	-
Balance at 31 March 2022	(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 2022**

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	32	15,394	(10,609)
Income taxes paid		(1,766)	(3,152)
Net cash inflow/(outflow) from operating activities		13,628	(13,761)
Investing activities			
Purchase of tangible fixed assets		-	(487)
Proceeds on disposal of tangible fixed assets		570	91
Purchase of investment property		(2,132)	(8)
Proceeds on disposal of investment property		227	181
Proceeds on disposal of associates		118	(148)
Proceeds on disposal of fixed asset investments		(4,118)	-
Proceeds from other investments and loans		-	4,650
Interest received		54	1,472
Net cash (used in)/generated from investing activities		(5,281)	5,751
Net increase/(decrease) in cash and cash equivalents		8,347	(8,010)
Cash and cash equivalents at beginning of year		8,665	16,675
Cash and cash equivalents at end of year		17,012	8,665

CELTIC MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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 (2021: £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.

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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 2022. 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

The group's coal licence expired at the end of December 2021, however the group ceased extracting further coal in July 2021. The group will continue to trade the remaining coal extracted, however as noted in the strategic report, in order to complete the buy-out of the pension scheme the company's subsidiary, Celtic Energy Limited will have to be placed in to members voluntary liquidation.

As noted above, commercial and residential property activities will continue within the group and will form the basis of future business activity going forward.

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 and 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.

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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.

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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.

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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.

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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.

The group's element of the defined benefit pension scheme effectively closed on 31 July 2020, when the last active member opted out. The Company's element of the scheme purchased annuities with Aviva which are qualifying insurance policies under FRS 102. The income from the policy exactly matches the amount and timing of the benefits payable to those members covered under the policy.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

1 Accounting policies **(Continued)**

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.

1.17 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.

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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

The group's coal licence expired at the end of December 2021, however the group ceased extracting further coal in July 2021. The group will continue to trade the remaining coal extracted, however as noted in the strategic report, in order to complete the buy-out of the pension scheme the company's subsidiary, Celtic Energy Limited will have to be placed in to members voluntary liquidation.

As noted above, commercial and residential property activities will continue within the group and will form the basis of future business activity going forward.

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 and 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.

Stock valuation

At 31 March 2022 the group held coal stock of £3,940,000 (2021: £7,144,000). 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.

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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. All restoration at Margam, Selar and East Pit had been completed at 31 March 2022. The rehabilitation 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 2022 as set out in note 24 is approximately £16.2 million (2021: £31.2 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 increased the provision by £0.3 million (2021: £0.3 million) in the current year.

As discussed in note 4, provisions have been increased by £3.4 million (2021: reduced by £15.2 million), this has been reflected in the profit and loss as an exceptional item.

The group spent £18.7 million (2021: £3.5 million) on restoration during the year.

Post year end the group spent a further approximately £13.0 million on restoration at Nant Helen and rehabilitation at all sites. In October 2022 land at Selar and Nant Helen was sold removing further obligations for restoration and rehabilitation (see note 30).

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 2022 and 31 March 2021 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 2022 the carrying value of capitalised stripping costs was £nil (2021: £nil).

Defined benefit pension

The group operated a defined benefit pension scheme.

The scheme effectively closed on 31 July 2020; the scheme purchased annuities which are qualifying insurance policies. The income from the policies exactly match the amount and timing of all benefits payable to those members covered under the policy; further details are provided in note 25.

Investment properties

At 31 March 2022 the group held investment properties with a value of £19,110,000 (2021: £17,195,000). The group carries investment properties at fair value. Changes in the fair value of investment properties are recognised in profit or loss; a net fair value gain of £nil (2021: £2,098,000) has been recognised in the year. The valuations have been carried out by the board based on comparable market data and external professional valuations of a sample of the portfolio undertaken by an independent valuer. The key factors affecting the values are the anticipated yields and anticipated occupancy rates.

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

3 Turnover and other revenue

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

	2022	2021
	£'000	£'000
Turnover analysed by class of business		
Sale of goods	33,077	30,211
	<u> </u>	<u> </u>
	2022	2021
	£'000	£'000
Turnover analysed by geographical market		
United Kingdom	25,596	23,204
Rest of Europe	7,481	7,007
	<u> </u>	<u> </u>
	<u>33,077</u>	<u>30,211</u>
	2022	2021
	£'000	£'000
Other revenue		
Interest income	54	1,472
Grants received	2	69
	<u> </u>	<u> </u>

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

4	Exceptional costs/(income)	2022	2021
		£'000	£'000
	Exceptional costs included in cost of sales		
	Movement in operating provisions	3,406	(15,286)
	Exceptional costs included in administrative expenses		
	Pension buy-in policy costs	3,500	10,543
	Total exceptional cost/(credit)	<u>6,906</u>	<u>(4,743)</u>

Operating provisions

Restoration at Margam, Selar and East Pit was completed at 31 March 2022. The board again reassessed its estimate of the total cost of restoring Nant Helen and the cost of rehabilitation for all sites; this resulted in an increase in provision of £3.4 million (2021: decrease of £15.2m). The increase was predominately due to the increase in fuel costs.

Post year end the group spent a further approximately £13.0 million on restoration at Nant Helen and rehabilitation at all sites. In October 2022 land at Selar and Nant Helen was sold removing further obligations for restoration and rehabilitation (see note note,note73).

Pension costs

The company was a member of the Industry Wide Coal Staff Superannuation Scheme (IWCSST). The company's element of the scheme effectively closed on 31 July 2020, when the last active member opted out. The Company's element of the scheme purchased annuities with Aviva which are qualifying insurance policies. The income from the policy exactly matches the amount and timing of the benefits payable to those members covered under the policy.

The cost of the annuities in addition to the existing assets of the scheme was £10.5m. The group has made an additional provision of £3.5m during the current year being the boards' best estimate of the remaining settlement obligation.

5	Operating profit	2022	2021
		£'000	£'000
	Operating profit for the year is stated after charging/(crediting):		
	Government grants	(2)	(69)
	Depreciation of owned tangible fixed assets	630	817
	Profit on disposal of tangible fixed assets	(413)	(78)
	Impairment of intangible assets (note 13,14)	-	792
	Cost of stocks recognised as an expense	3,544	13,695
	Operating lease rentals - plant and machinery	21	59
	Rents receivable from property	(1,028)	(832)
	Exceptional items (see note 4)	<u>6,906</u>	<u>(4,743)</u>

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

6 Auditor's remuneration

	2022	2021
	£'000	£'000
Fees payable to the company's auditor and associates:		
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	38	36
	<u>42</u>	<u>40</u>
For other services		
All other non-audit services	10	12
	<u>10</u>	<u>12</u>

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

7 Employees

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

	Group	2021	Company	2021
	2022	Number	2022	Number
	Number	Number	Number	Number
Mining operations	146	156	-	-
Technical support	1	1	-	-
Selling	3	3	-	-
Management and distribution	13	12	-	-
	<u>163</u>	<u>172</u>	<u>-</u>	<u>-</u>
Total	<u>163</u>	<u>172</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group	2021	Company	2021
	2022	£'000	2022	£'000
	£'000	£'000	£'000	£'000
Wages and salaries	7,271	8,748	-	-
Social security costs	786	937	-	-
Pension costs	3,909	10,855	-	-
	<u>11,966</u>	<u>20,540</u>	<u>-</u>	<u>-</u>

8 Directors' remuneration

	2022	2021
	£'000	£'000
Remuneration for qualifying services	1,355	1,967
	<u>1,355</u>	<u>1,967</u>

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

8 Directors' remuneration **(Continued)**

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

	2022	2021
	£'000	£'000
Remuneration for qualifying services	992	1,526
	<u> </u>	<u> </u>

The number of directors to whom retirement benefits are accruing under defined benefit contribution schemes amounted to 1 (2021: 1).

9 Interest receivable and similar income

	2022	2021
	£'000	£'000
Interest income		
Interest on bank deposits	42	1,460
Interest on the net defined benefit asset	12	12
	<u> </u>	<u> </u>
Total income	54	1,472
	<u> </u>	<u> </u>

10 Interest payable and similar expenses

	2022	2021
	£'000	£'000
Interest payable to group undertakings	-	15
Unwinding of discount on provisions (note 24)	294	321
	<u> </u>	<u> </u>
Total finance costs	294	336
	<u> </u>	<u> </u>

11 Fair value gains and losses on investments

	2022	2021
	£'000	£'000
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	1,485	4,930
Other gains/(losses)		
Other gains and losses	(118)	-
	<u> </u>	<u> </u>
	1,367	4,930
	<u> </u>	<u> </u>

12 Taxation

	2022	2021
	£'000	£'000
Current tax		
UK corporation tax on profits for the current period	1,366	2,585
Adjustments in respect of prior periods	138	-
	<u> </u>	<u> </u>
Total current tax	1,504	2,585
	<u> </u>	<u> </u>

CELTIC MINING GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022****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:

	2022	2021
	£'000	£'000
Profit before taxation	14,519	16,353
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	2,759	3,107
Tax effect of expenses that are not deductible in determining taxable profit	86	181
Tax effect of income not taxable in determining taxable profit	(73)	-
Adjustments in respect of prior years	138	-
Effect of change in corporation tax rate	(482)	-
Other permanent differences	43	17
Movements in deferred tax on pension liability	(967)	(720)
Taxation charge	1,504	2,585

The group has approximately £2.8 million (2021: £2.8 million) of capital losses carried forward.

13 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2022	2021
		£'000	£'000
In respect of:			
Goodwill	14	-	792
Fixed asset investments	17	118	-
Recognised in:			
Amounts written off investments		118	792

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

14 Intangible fixed assets

Group	Goodwill £'000
Cost	
At 1 April 2021 and 31 March 2022	43,992
Amortisation and impairment	
At 1 April 2021 and 31 March 2022	43,992
Carrying amount	
At 31 March 2022	-
At 31 March 2021	-

The company had no intangible fixed assets at 31 March 2022 or 31 March 2021.

15 Investment property

	Group 2022 £'000	Company 2022 £'000
Fair value		
At 1 April 2021 and 31 March 2022	17,194	-
Additions through external acquisition	2,133	-
Disposals	(217)	-
At 31 March 2022	19,110	-

Investment properties, which are all freehold, were valued on an open market existing use basis at 31 March 2021 by the directors. The valuations were based on comparable market data and external professional valuations of a sample of the portfolio undertaken by an independent valuer. The directors do not consider the value to have changed significantly in the current period.

The properties are not depreciated

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

16 Tangible fixed assets

Group	Freehold land	Plant, Surface mines		Total
	and buildings	machinery and	equipment	
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2021	5,032	29,467	47,552	82,051
Disposals	-	(4,837)	-	(4,837)
At 31 March 2022	5,032	24,630	47,552	77,214
Depreciation and impairment				
At 1 April 2021	266	28,514	47,552	76,332
Depreciation charged in the year	26	604	-	630
Eliminated in respect of disposals	-	(4,690)	-	(4,690)
At 31 March 2022	292	24,428	47,552	72,272
Carrying amount				
At 31 March 2022	4,740	202	-	4,942
At 31 March 2021	4,766	953	-	5,719

The company had no tangible fixed assets at 31 March 2022 or 31 March 2021.

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.

17 Fixed asset investments

Notes	Group	2021	Company	2021
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Investments in associates	30	148	-	-

On 18 December 2020 Celtic Energy Limited purchased 47.5% of the share capital and 50.0% of the voting rights of Filtercite Ltd for consideration of £145,000. Other costs of acquisition totalled £3,000. In the current year, the investment was impaired by £118,000.

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

17 Fixed asset investments **(Continued)**

Movements in fixed asset investments

Group	Shares in associates £'000
Cost or valuation	
At 1 April 2021 and 31 March 2022	148
Impairment	
At 1 April 2021	-
Impairment losses	118
At 31 March 2022	118
Carrying amount	
At 31 March 2022	30
At 31 March 2021	148

18 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	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
Celtic Environmental Developments Limited	Dormant	Ordinary	0	100.00

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.

CELTIC MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

19 Financial instruments

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	22,709	33,919	n/a	n/a
Equity instruments measured at cost less impairment	28,757	23,272	n/a	n/a
	<u>28,757</u>	<u>23,272</u>	<u>n/a</u>	<u>n/a</u>
Carrying amount of financial liabilities				
Measured at amortised cost	3,873	3,766	n/a	n/a
	<u>3,873</u>	<u>3,766</u>	<u>n/a</u>	<u>n/a</u>

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.

20 Stocks

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Coal stock	3,940	7,144	-	-
Consumables	587	499	-	-
	<u>4,527</u>	<u>7,643</u>	<u>-</u>	<u>-</u>

21 Current asset investments

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Listed investments	28,757	23,272	-	-
	<u>28,757</u>	<u>23,272</u>	<u>-</u>	<u>-</u>

CELTIC MINING GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

22 Debtors

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	7,868	6,149	-	-
Corporation tax recoverable	234	-	-	-
Other debtors	522	293	-	-
Prepayments and accrued income	419	284	-	-
	<u>9,043</u>	<u>6,726</u>	<u>-</u>	<u>-</u>
Amounts falling due after more than one year:				
Other debtors	14,319	27,478	-	-
	<u>14,319</u>	<u>27,478</u>	<u>-</u>	<u>-</u>
Total debtors	<u>23,362</u>	<u>34,204</u>	<u>-</u>	<u>-</u>

Other debtors falling due after more than one year includes cash funds held by LPAs of £13,131,000 (2021: £25,203,000) and loan balances of £1,188,000 (2021: £2,275,000).

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.

23 Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	2,117	1,843	-	-
Amounts owed to group undertakings	-	-	45,581	45,581
Corporation tax payable	497	759	-	-
Other taxation and social security	866	980	-	-
Other creditors	282	248	-	-
Accruals and deferred income	1,474	1,675	-	-
	<u>5,236</u>	<u>5,505</u>	<u>45,581</u>	<u>45,581</u>

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

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

24 Provisions for liabilities

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Operating provisions	16,207	31,191	-	-
Concessionary fuel	1,384	1,762	-	-
	<u>17,591</u>	<u>32,953</u>	<u>-</u>	<u>-</u>

Movements on provisions:

Group	Operating provisions	Concessionary fuel	Total
	£'000	£'000	£'000
At 1 April 2021	31,192	1,762	32,954
Additional provisions in the year	4,197	17	4,214
Reversal of provision	(791)	(265)	(1,056)
Utilisation of provision	(18,685)	(130)	(18,815)
Unwinding of discount	294	-	294
At 31 March 2022	<u>16,207</u>	<u>1,384</u>	<u>17,591</u>

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.

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

24 Provisions for liabilities

(Continued)

Concessionary fuel retirement benefits

The group 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.

During the year, 10 people agreed a cash settlement. The total cost was £0.1 million.

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

	2022	2021
Average retirement age	65 years	65 years
Discount rate	1.85%	1.85%
Pensionable life - current pensioner aged 65	26 years	26 years
Pensionable life - future retiree upon reaching 65	27.5 years	27.5 years

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

25 Retirement benefit schemes

The group operates a defined contribution pension scheme 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 2022 in respect of defined contribution schemes were £28,315 (2021: £31,783).

The group also operated a defined benefit scheme for qualifying employees.

British Coal employees whose employment transferred to Celtic Energy Limited were members of the Industry Wide Coal Staff Superannuation Scheme ("IWCSSS"), a defined benefit scheme. The Celtic Energy employee fund ("the Scheme") was part of the IWCSSS. The assets of the Scheme were held in separate trustee administered funds.

The group's element of the scheme effectively closed on 31 July 2020, when the last active member opted out. The group's element of the scheme purchased annuities with Aviva which are qualifying insurance policies under FRS 102. The income from the policy exactly matches the amount and timing of the benefits payable to those members covered under the policy.

The cost of the annuities purchased in 2021 in addition to the existing assets of the scheme was £10.5m. The group has made an additional provision of £3.5m during the current year being the boards' best estimate of the remaining settlement obligation.

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

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	Assets
	2022	2021
	£'000	£'000
Accelerated capital allowances	628	(435)
Tax losses	-	527
Other timing differences	1,030	2,882
Provision for recoverability	(1,658)	(2,974)
	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

The company has no deferred tax assets or liabilities.

There was no net deferred tax movements in the year.

27 Share capital

Ordinary share capital Issued and fully paid	Group and company	
	2022	2021
	£	£
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

28 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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Within one year	4	40	-	-
Between two and five years	3	124	-	-
In over five years	-	90	-	-
	<u>7</u>	<u>254</u>	<u>-</u>	<u>-</u>
	<u><u>7</u></u>	<u><u>254</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

29 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2022	2021
	£'000	£'000
Aggregate compensation	1,794	3,018
	<u> </u>	<u> </u>

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	Sales / (purchases) during the year
	2022	2021
	£'000	£'000
Income from hire or lease of equipment	8	1
Charges for hire or lease of equipment	(7,684)	(7,033)
Charges for services	(1,481)	(921)
	<u> </u>	<u> </u>

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

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

Balances at 31 March 2022 and 2021 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:

	2022	2021
	£'000	£'000
Total amounts due to the Celtic Mining Group Limited group at the year end	10	-
Total amounts due from the Celtic Mining Group Limited group at the year end	(1,273)	(1,440)
	<u> </u>	<u> </u>

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

29 Related party transactions

(Continued)

During the year the group incurred £400,000 (2021: £400,000) of consultancy fees from DHM Consultancy Limited, a company which is a corporate director of the company. At the year end, there was a balance of £nil (2021: £50,000) within prepayments relating to consultancy fees for DHM Consultancy Limited.

During the year the group made sales of £263,236 (2021: £221,207) 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 £132,342 (2021: £86,669) due from Filtercite Ltd to the group.

The group has made loans to RJW Group Holdings Limited and Celtic Environmental Developments Limited. Both of these companies are under the common control of Mr R J Walters. During the year interest of £26,396 (2021: £21,503) and £12,568 (2021: £19,540) respectively was charged on these loans.

During the prior year £825,000 of the loan to Celtic Environmental Developments Limited was converted to equity (refer to note 14).

At the year end there were balances of £nil (2021: £nil) and £nil (2021: £25,000) respectively due from RJW Group Holdings Limited and Celtic Environmental Developments Limited to the company.

There were no other transactions requiring disclosure.

No guarantees have been given or received.

30 Events after the reporting date

Following the year end the group has sold land at former coaling sites at Nant Helen and Selar for £5.4m; the remaining restoration and rehabilitation obligations were transferred with the title. Escrow funds related to uncompleted works were transferred along with the obligation. This generated an overall profit on disposal of approximately £0.3m.

31 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.

CELTIC MINING GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022**

32 Cash generated from/(absorbed by) group operations	2022	2021
	£'000	£'000
Profit for the year after tax	13,015	13,768
Adjustments for:		
Taxation charged	1,504	2,585
Finance costs	294	336
Investment income	(54)	(1,472)
Gain on disposal of tangible fixed assets	(423)	(78)
Gain on disposal of investment property	(10)	-
Fair value gain on investment properties	-	(2,098)
Amorisation and impairment of intangible assets	-	792
Depreciation and impairment of tangible fixed assets	630	817
Amounts written off investments	(1,367)	(4,930)
Pension scheme non-cash movement	3,510	-
Decrease in provisions	(15,656)	(18,358)
Movements in working capital:		
Decrease in stocks	3,116	164
Decrease in debtors	10,842	2,410
Decrease in creditors	(7)	(4,545)
Cash generated from/(absorbed by) operations	15,394	(10,609)

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.