

Company registration number 02997376 (England and Wales)



**CELTIC ENERGY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2023**

Helping you prosper

**CELTIC ENERGY LIMITED**

**COMPANY INFORMATION**

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**Directors** Mr R Walters  
DHM Consultancy Limited

**Company number** 02997376

**Registered office** Avalon House  
5-7 Cathedral Road  
Cardiff  
CF11 9HA

**Auditor** UHY Hacker Young  
Bradbury House  
Mission Court  
Newport  
Gwent  
United Kingdom  
NP20 2DW

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## CELTIC ENERGY LIMITED

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## CELTIC ENERGY LIMITED

### STRATEGIC REPORT

#### FOR THE YEAR ENDED 31 MARCH 2023

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The directors present the strategic report for the year ended 31 March 2023.

#### **Fair review of the business**

Celtic Energy Limited ("the company") owned and operated opencast mines in South Wales. The company ceased trading on 31 December 2022.

The company ceased trading on 31 December 2022 when all coal stocks had been sold. Land relating to former coaling sites at Selar and Nant Helen was sold for £5.4m. Outstanding restoration and rehabilitation obligations relating to the land and the associated escrow funds were also transferred to the new owner; overall a profit on disposal of £4.1m was recognised. Other fixed assets were sold or scrapped resulting in an overall profit of a further £0.9m.

The results for the company show a pre-tax profit of £11.8m (2022: £14.5m) and turnover of £20.5m (2022: £33.1m).

Profit has again been skewed by non trading activities including movements in the restoration and rehabilitation provisions of £2.4m (2022: £3.4m); profit on disposal of assets of £4.9m (2022: £nil); redundancy costs of £4.1m (2022: £nil); and by fair value (losses)/gains on investments of £(0.1)m (2022: £1.4m gain) and investment properties of £1.5m (2022: £nil). The company also recognised an additional exceptional pension provision of £3.5m in 2022 as a result of entering the first stage of the defined benefit pension scheme buy-out.

Other assets, including Investment Properties and the company's investment portfolio were transferred to the company's parent company, Avalon Glen Limited via a dividend in specie (see note 13). Intra group balances were also cleared by dividend in specie.

Certain remaining assets and liabilities including the company's remaining restoration and rehabilitation obligations (and associated escrow funds) and the company's Concessionary coal obligation have been transferred to Avalon Glen Limited at book value.

#### **Future prospects**

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 concern~~

The company has now sold the remaining coal extracted and ceased trading on 31 December 2022; as noted above, in order to complete the buy-out of the pension scheme the company will have to be placed in to members voluntary liquidation.

The directors have prepared cashflow projections and at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to meet its debts as they fall due, however, since the directors intend to restructure the company in order to liquidate it to facilitate the completion of the pension buy-out, these financial statements have been prepared on a basis other than going concern; no significant adjustments were required as a result of ceasing to adopt the going concern basis.

On behalf of the board

Mr R Walters  
**Director**

25 March 2024

**CELTIC ENERGY LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2023**

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The directors present their annual report and financial statements for the year ended 31 March 2023.

**Principal activities**

The principal activity of the company during the year continued to be related to its coal operations; albeit the company ceased extracting further coal from all mines by July 2021 and ceased trading on 31 December 2022.

**Results and dividends**

The results for the year are set out on page 7.

**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 R Thompson	(Resigned 1 May 2023)
Mr R E Morris	(Resigned 30 July 2022)
DHM Consultancy Limited	

**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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

Mr R Walters  
**Director**

25 March 2024

**CELTIC ENERGY LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2023**

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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 company and of the profit or loss of the company 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## CELTIC ENERGY LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELTIC ENERGY LIMITED

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#### Opinion

We have audited the financial statements of Celtic Energy Limited (the 'company') for the year ended 31 March 2023 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Emphasis of matter - financial statements prepared on a basis other than going concern.

We draw attention to note 1.2 of the financial statements (Going concern), which explains that the company's coal licence expired in December 2021; the company ceased extracting further coal in July 2021; all remaining coal stocks were sold and the company ceased trading on 31 December 2022; the directors intend to liquidate the company in order to facilitate the buy-out of the IWCSSS pension scheme and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly the financial statements have been prepared on a basis other than going concern as described in note 1.2. Our opinion is not modified in respect of this matter.

#### 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.

#### 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.

## **CELTIC ENERGY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CELTIC ENERGY LIMITED**

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#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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.

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.

**CELTIC ENERGY LIMITED**

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

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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**

25 March 2024

**Chartered Accountants**  
**Statutory Auditor**

Newport  
Gwent  
United Kingdom

**CELTIC ENERGY LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
<b>Turnover</b>	<b>3</b>		20,462		33,077
Cost of sales:					
Exceptional movement in operating provisions	<b>4</b>	(2,410)		(3,406)	
Other cost of sales		(5,490)		(9,779)	
Total cost of sales			(7,900)		(13,185)
<b>Gross profit</b>			12,562		19,892
Exceptional income/(expense)	<b>4</b>	824		(3,500)	
Other administrative expenses		(4,589)		(4,035)	
Total administrative expenses			(3,765)		(7,535)
Other operating income			1,084		1,030
<b>Operating profit</b>	<b>5</b>		9,881		13,387
Interest receivable and similar income	<b>9</b>		586		54
Interest payable and similar expenses	<b>10</b>		(83)		(294)
Fair value gains and losses on investments	<b>11</b>		(117)		1,367
Fair value gains and losses on investment properties	<b>16</b>		1,525		-
<b>Profit before taxation</b>			11,792		14,514
Tax on profit	<b>12</b>		1,161		(1,504)
<b>Profit for the financial year</b>			12,953		13,010

The company ceased extracting coal from all mines in July 2021 and has now processed and sold all residual coal stocks; the company ceased trading on 31 December 2022.

**CELTIC ENERGY LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2023**

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	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit for the year</b>	12,953	13,010
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year</b>	<u>12,953</u>	<u>13,010</u>

**CELTIC ENERGY LIMITED**

**BALANCE SHEET  
AS AT 31 MARCH 2023**

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	15		-		4,942
Investment property	16		-		19,110
Investments	17		-		30
			-		24,082
<b>Current assets</b>					
Stocks	19	-		4,527	
Debtors	20	5,593		78,943	
Investments	21	-		28,757	
Cash at bank and in hand		16,347		16,987	
		21,940		129,214	
<b>Creditors: amounts falling due within one year</b>	22	(463)		(5,235)	
<b>Net current assets</b>			21,477		123,979
<b>Total assets less current liabilities</b>			21,477		148,061
<b>Provisions for liabilities</b>					
Provisions	23	-		17,591	
			-		(17,591)
<b>Net assets excluding pension liability</b>			21,477		130,470
<b>Defined benefit pension liability</b>			(558)		(3,510)
<b>Net assets</b>			20,919		126,960
<b>Capital and reserves</b>					
Called up share capital	25		-		-
Revaluation reserve			-		3,158
Other reserves			10,000		10,000
Profit and loss reserves			10,919		113,802
<b>Total equity</b>			20,919		126,960

The financial statements were approved by the board of directors and authorised for issue on 25 March 2024 and are signed on its behalf by:

Mr R Walters  
Director

Company Registration No. 02997376

**CELTIC ENERGY LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023**

		<b>Revaluation reserve</b>	<b>Other reserves</b>	<b>Profit and loss reserves</b>	<b>Total</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 1 April 2021</b>		3,158	10,000	100,792	113,950
<b>Year ended 31 March 2022:</b>					
Profit and total comprehensive income for the year		-	-	13,010	13,010
<b>Balance at 31 March 2022</b>		3,158	10,000	113,802	126,960
<b>Year ended 31 March 2023:</b>					
Profit and total comprehensive income for the year		-	-	12,953	12,953
Dividends	<b>13</b>	-	-	(118,994)	(118,994)
Upwards revaluation on investment property		1,951	-	(1,951)	-
Disposal of investment property		(205)	-	205	-
Transfer of surplus on investment property fair value		(4,904)	-	4,904	-
<b>Balance at 31 March 2023</b>		-	10,000	10,919	20,919

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

The other reserves were established as being non-distributable on incorporation of the company on 28 November 1994 following the Coal Industry Act 1994.

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

## **CELTIC ENERGY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023**

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#### **1 Accounting policies**

##### **Company information**

Celtic Energy Limited is a private company limited by shares incorporated in England and Wales. The registered office is Avalon House, 5-7 Cathedral Road, Cardiff, CF11 9HA.

##### **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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of 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:

- 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.

The financial statements of the company are consolidated in the financial statements of Celtic Mining Group Limited. These consolidated financial statements are available from its registered office, Avalon House, 5-7 Cathedral Road, Cardiff, CF11 9HA.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Celtic Energy Limited is a wholly owned subsidiary of Celtic Mining Group Limited and the results of Celtic Energy Limited are included in the consolidated financial statements of Celtic Mining Group Limited which are available from Avalon House, 5-7 Cathedral Road, Cardiff, CF11 9HA.

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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**1 Accounting policies (Continued)**

**1.2 Going concern**

The company has now sold the remaining coal extracted and ceased trading on 31 December 2022; as noted above, in order to complete the buy-out of the pension scheme the company will have to be placed in to members voluntary liquidation.

The directors have prepared cashflow projections and at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to meet its debts as they fall due, however, since the directors intend to restructure the company in order to liquidate it to facilitate the completion of the pension buy-out, these financial statements have been prepared on a basis other than going concern; no significant adjustments were required as a result of ceasing to adopt the going concern basis.

**1.3 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.

**1.4 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.

Depreciation is not provided on freehold land. On other assets 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

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 credited or charged to profit or loss.

**1.5 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.

**1.6 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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**1 Accounting policies**

**(Continued)**

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

**1.7 Financial instruments**

The company 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 company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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 company 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.

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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**1 Accounting policies**

**(Continued)**

**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 company after deducting all of its liabilities.

**Basic financial liabilities**

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 company's contractual obligations expire or are discharged or cancelled.

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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**1 Accounting policies**

**(Continued)**

**1.8 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 company'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 when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.9 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.

**1.10 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 company'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.

**CELTIC ENERGY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023****2 Judgements and key sources of estimation uncertainty**

In the application of the company'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 company has now sold the remaining coal extracted and ceased trading on 31 December 2022; as noted above, in order to complete the buy-out of the pension scheme the company will have to be placed in to members voluntary liquidation.

The directors have prepared cashflow projections and at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to meet its debts as they fall due, however, since the directors intend to restructure the company in order to liquidate it to facilitate the completion of the pension buy-out, these financial statements have been prepared on a basis other than going concern; no significant adjustments were required as a result of ceasing to adopt the going concern basis.

**Key sources of estimation uncertainty****Defined benefit pension**

The company 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 24.

**3 Turnover and other revenue**

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

	2023 £'000	2022 £'000
<b>Turnover analysed by class of business</b>		
Sale of goods	20,462	33,077
	<u>20,462</u>	<u>33,077</u>
	2023 £'000	2022 £'000
<b>Turnover analysed by geographical market</b>		
United Kingdom	20,329	25,596
Rest of Europe	133	7,481
	<u>20,462</u>	<u>33,077</u>

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

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<b>3 Turnover and other revenue</b>		<b>(Continued)</b>	
		<b>2023</b>	<b>2022</b>
		<b>£'000</b>	<b>£'000</b>
<b>Other revenue</b>			
Interest income		586	54
Grants received		-	2
		<u>          </u>	<u>          </u>

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

<b>4 Exceptional costs/(income)</b>	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Exceptional costs included in cost of sales</b>		
Movement in operating provisions	2,410	3,406
<b>Exceptional costs included in administrative expenses</b>		
Disposal of former operating sites	(4,085)	-
Profit on disposal of fixed assets	(863)	-
Redundancy costs	4,124	-
Pension buy-in policy costs	-	3,500
	(824)	3,500
Total exceptional cost/(credit) included in operating profit	1,586	6,906

**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 £2.4 million (2022: increase of £3.4m). The increase was predominately due to inflation including fuel costs.

In October 2022 land at Selar and Nant Helen was sold removing further obligations for restoration and rehabilitation (see note 23).

**Disposal of former operating sites**

Land relating to former coaling sites at Selar and Nant Helen was sold for £5.4m. Outstanding restoration and rehabilitation obligations relating to the land and the associated escrow funds were also transferred to the new owner; overall a profit on disposal of £4.1m was recognised.

**Profit on disposal of fixed assets**

Certain land and buildings and plant and machinery was transferred to the company's parent, Avalon Glen Limited; the remaining assets were sold or scrapped realising an overall profit of £0.9m.

**Redundancy costs**

The company incurred redundancy costs of £4.1m during the year.

**Pension costs**

The company was a member of the Industry Wide Coal Staff Superannuation Scheme (IWCSSS). 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 purchased in 2021 in addition to the existing assets of the scheme was £10.5m. The company made an addition provision of £3.5m during the prior year being the boards' best estimate of the remaining settlement obligation.

**Post operating profit exceptional items**

In addition the company has experienced exceptional fair value gains and losses on investments and investment properties, refer to notes 11 and 16.

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**5 Operating profit**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(2)
Depreciation of owned tangible fixed assets	125	630
Profit on disposal of tangible fixed assets	-	(413)
Loss on disposal of investment property	1	-
Cost of stocks recognised as an expense	3,495	3,544
Operating lease rentals - other	4	21
Rents receivable from property	(1,084)	(1,028)
Exceptional items (see note 4)	1,586	6,906
	<b>=====</b>	<b>=====</b>

**6 Auditor's remuneration**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	42	38
	<b>=====</b>	<b>=====</b>
<b>For other services</b>		
All other non-audit services	-	10
	<b>=====</b>	<b>=====</b>

**7 Employees**

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

	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>
Mining operations	61	146
Technical support	1	1
Selling	-	3
Management and distribution	9	13
	<b>=====</b>	<b>=====</b>
Total	71	163
	<b>=====</b>	<b>=====</b>

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

**7 Employees (Continued)**

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	7,954	7,271
Social security costs	719	786
Pension costs	285	3,909
	<u>8,958</u>	<u>11,966</u>

**8 Directors' remuneration**

	2023 £'000	2022 £'000
Remuneration for qualifying services	2,816	1,737
Company pension contributions to defined contribution schemes	43	50
	<u>2,859</u>	<u>1,787</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2022 - 3).

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

	2023 £'000	2022 £'000
Remuneration for qualifying services	<u>1,146</u>	<u>992</u>

**9 Interest receivable and similar income**

	2023 £'000	2022 £'000
<b>Interest income</b>		
Interest on bank deposits	586	42
Interest on the net defined benefit asset	-	12
	<u>586</u>	<u>54</u>

**10 Interest payable and similar expenses**

	2023 £'000	2022 £'000
Unwinding of discount on provisions (note 23)	<u>83</u>	<u>294</u>

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**11 Fair value gains and losses on investments**

	Notes	2023 £'000	2022 £'000
<b>Fair value gains/(losses) on financial instruments</b>			
Gain on financial assets held at fair value through profit or loss		-	1,485
<b>Other gains/(losses)</b>			
Amounts written off investments held at fair value		(117)	-
Other gains and losses	14, 17	-	(118)
		<u>(117)</u>	<u>1,367</u>
		<u><u>(117)</u></u>	<u><u>1,367</u></u>

**12 Taxation**

	2023 £'000	2022 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	(1,239)	1,366
Adjustments in respect of prior periods	78	138
	<u>(1,161)</u>	<u>1,504</u>
	<u><u>(1,161)</u></u>	<u><u>1,504</u></u>

The actual (credit)/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:

	2023 £'000	2022 £'000
Profit before taxation	<u>11,792</u>	<u>14,514</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	2,240	2,758
Tax effect of expenses that are not deductible in determining taxable profit	175	86
Tax effect of income not taxable in determining taxable profit	-	(72)
Adjustments in respect of prior years	78	138
Effect of change in corporation tax rate	-	(482)
Permanent capital allowances in excess of depreciation	(260)	-
Other permanent differences	(1,206)	43
Pension spread	(1,541)	-
Movement in deferred tax not provided	(647)	(967)
	<u>(1,161)</u>	<u>1,504</u>
	<u><u>(1,161)</u></u>	<u><u>1,504</u></u>

**CELTIC ENERGY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023****13 Dividends**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Interim paid	118,994	-

On 1 March 2023 the company paid a cash dividend of £7.500 million and dividends in specie amounting to £111.494 million as follows:

- Dividend A relating to the transfer of the company's investment properties of £24.500 million (refer to note 16) and investments of £28.715 million (refer to note 21) to the company's immediate parent, Avalon Glen Limited; and the clearance of an intra group receivable due to the company from Avalon Glen Limited of (refer to note 20);
- Dividend B relating to the transfer of an intra group receivable of £45.581 million, due to the company from its ultimate parent company Celtic mining Group Limited to Avalon Glen Limited (refer to note 20);
- Dividend C relating to other loans receivable of £2.548 million to Avalon Glen Limited (refer to note 20);
- Dividend D relating to the transfer of investments of £0.150 million (refer to note 21) to the company's immediate parent, Avalon Glen Limited.

**14 Impairments**

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

	<b>Notes</b>	<b>2023</b>	<b>2022</b>
		<b>£'000</b>	<b>£'000</b>
In respect of:			
Investment property	<b>16</b>	426	-
Fixed asset investments	<b>17</b>	-	118
		<u>          </u>	<u>          </u>
Recognised in:			
Fair value losses on Investment properties		426	
Amounts written off investments		-	118
		<u>          </u>	<u>          </u>

The impairment losses in respect of financial assets are recognised in other gains and losses in the profit and loss account.

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**15 Tangible fixed assets**

	Freehold land and buildings	Plant, Surface mines machinery and equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 April 2022	5,032	24,630	77,214
Disposals	(1,751)	(11,849)	(61,152)
Transfers	(3,281)	(12,781)	(16,062)
At 31 March 2023	-	-	-
<b>Depreciation and impairment</b>			
At 1 April 2022	292	24,428	72,272
Depreciation charged in the year	24	101	125
Eliminated in respect of disposals	(70)	(11,749)	(59,371)
Transfers	(246)	(12,780)	(13,026)
At 31 March 2023	-	-	-
<b>Carrying amount</b>			
At 31 March 2023	-	-	-
At 31 March 2022	4,740	202	4,942

Surface mine sites represents the capitalised costs of site preparation, restoration, rehabilitation and stripping costs.

Transfers in the year relate to assets transferred to group company Avalon Glen.

**16 Investment property**

	2023 £'000
<b>Fair value</b>	
At 1 April 2022	19,109
Additions through external acquisition	4,735
Transfers	(25,216)
Disposals	(153)
Net gains or losses through fair value adjustments	1,525
At 31 March 2023	-

Transfers in the year relate to investment properties transferred to group company Avalon Glen. The value of this is included within Dividend in Specie A.

The net gain is made up of fair value increases of £1,951,000 and impairments of £426,000.

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

**17 Fixed asset investments**

	Notes	2023 £'000	2022 £'000
Investments in associates		-	30
		<u>          </u>	<u>          </u>

**Movements in fixed asset investments**

	Shares in associates £'000
<b>Cost or valuation</b>	
At 1 April 2022	30
Disposals	(30)
	<u>          </u>
At 31 March 2023	-
	<u>          </u>
<b>Carrying amount</b>	
At 31 March 2023	-
	<u>          </u>
At 31 March 2022	30
	<u>          </u>

**18 Subsidiaries**

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Celtic Environmental Developments Limited	9 Beddau Way, Castlegate Business Park, Caerphilly, CF83 2AX.	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £'000	Profit/(Loss) £'000
Celtic Environmental Developments Limited	25	-

A liquidator has been appointed to Celtic Environmental Developments Limited post year end.

**19 Stocks**

	2023 £'000	2022 £'000
Coal stocks	-	3,940
Consumables	-	587
	<u>          </u>	<u>          </u>
	-	4,527
	<u>          </u>	<u>          </u>

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

**20 Debtors**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	59	7,868
Corporation tax recoverable	2,063	234
Amounts due from parent undertaking	3,152	55,581
Other debtors	319	522
Prepayments and accrued income	-	419
	<u>5,593</u>	<u>64,624</u>
	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due after more than one year:</b>		
Other debtors	-	14,319
	<u>-</u>	<u>14,319</u>
<b>Total debtors</b>	<u>5,593</u>	<u>78,943</u>

Other debtors falling due after more than one year includes cash funds held by LPAs of £nil (2022: £13,131,000) and loan balances of £nil (2022: £1,188,000). The loan balances increased to £2,548,000 during the year; the loans were transferred to Avalon Glen Limited via Dividend in Specie C (refer to note 13).

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

The amounts due from parent undertakings at 31 March 2022 was cleared by a dividend in specie on 1 March 2023 (see note 13).

LPA balances of £4,743,150 were transferred to the purchaser as part of the disposal of former coaling sites at Nant Helen and Selar; £5,384,118 was returned to the company during the year following spending on restoration and rehabilitation; the remainder of LPA balances not returned to the company during the year was transferred to the company's parent undertaking, Avalon Glen Limited along with the associated restoration and rehabilitation obligation.

**21 Current asset investments**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Listed investments	-	28,757
	<u>-</u>	<u>28,757</u>

During the year, listed investments were transferred to group company Avalon Glen. The value of investments transferred is included within Dividend in Specie A and Dividend in Specie D.

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**22 Creditors: amounts falling due within one year**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	341	2,117
Corporation tax	-	497
Other taxation and social security	32	866
Other creditors	38	281
Accruals and deferred income	52	1,474
	<u>463</u>	<u>5,235</u>
	<u><u>463</u></u>	<u><u>5,235</u></u>

**23 Provisions for liabilities**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Operating provisions	-	16,207
Concessionary fuel	-	1,384
	<u>-</u>	<u>17,591</u>
	<u><u>-</u></u>	<u><u>17,591</u></u>

Movements on provisions:

	<b>Operating provisions</b>	<b>Concessionary fuel</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2022	16,207	1,383	17,590
Additional provisions in the year	2,410	39	2,449
Reversal of provision	-	(84)	(84)
Utilisation of provision	(11,595)	(60)	(11,655)
Unwinding of discount	83	-	83
Other movements	(7,105)	(1,278)	(8,383)
	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2023	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Other movements in the year relate to transfer of provision to £4.7 million restoration and rehabilitation liability transferred to the buyer of the Nant Helen site (along with £4.7 million of LPA balance, refer to note 20) as part of the sale and £2.1 million (along with associated LPA balances, refer to note 20) relating to the remaining rehabilitation obligations for closed sites at Margam, Selar and East Pit transferred to Avalon Glen.

**CELTIC ENERGY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023****24 Retirement benefit schemes**

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Outstanding contributions at 31 March 2023 in respect of defined contribution schemes were £6,351 (2022: £28,315).

The company 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 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 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 company had made an additional provision of £3.5m during the prior year being the boards' best estimate of the remaining settlement obligation.

**25 Share capital**

	2023	2022
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

**26 Operating lease commitments**

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

	2023	2022
	£'000	£'000
Within one year	-	4
Between two and five years	-	3
	<u>-</u>	<u>7</u>
	<u>-</u>	<u>7</u>

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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**27 Ultimate controlling party**

The company is a wholly owned subsidiary of Celtic Group Holdings Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent undertaking is Celtic Mining Group Limited, a company incorporated in Great Britain and registered in England and Wales. Celtic Mining Group Limited is the parent of the smallest and largest group of which the company is a member and for which consolidated accounts are prepared. Consolidated accounts of this company are available to the public and may be obtained from Companies House.

The directors consider that, at the balance sheet date, Mr R J Walters, who owns 100% of the voting shares in the ultimate parent undertaking was the ultimate controlling party.

**CELTIC ENERGY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023****28 Related party transactions**

The company has taken advantage of the exemption, under the terms of FRS 102, section 33.1A, from disclosing related party transactions with wholly owned subsidiaries within the group.

There are balances due from the immediate parent company, Avalon Glen, of 3,152,000 (2022: £10,000,000) and the ultimate parent company, Celtic Mining Group, of £nil (2022: £45,581,000).

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 2023 £'000	Sales / (purchases) during the year 2022 £'000
Sale of assets	130	-
Income from hire or lease of equipment	174	8
Charges for hire or lease of equipment	(3,752)	(7,684)
Charges for services	(959)	(1,481)
	<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 2023 and 2022 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:

	2023 £'000	2022 £'000
Total amounts due to Celtic Energy Limited at the year end	38	10
Total amounts due from Celtic Energy Limited at the year end	(256)	(1,273)
	<u>          </u>	<u>          </u>

**CELTIC ENERGY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023**

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**28 Related party transactions**

**(Continued)**

During the year the company incurred £nil (2022: £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 (2022: £nil) within prepayments relating to consultancy fees for DHM Consultancy Limited.

During the year the company made sales of £306,324 (2022: £263,236) in the normal course of business to Filtercite Ltd, a company which was 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 £nil (2022: £132,342) due from Filtercite Ltd to the company.

The company 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 £nil (2022: £26,396) and £nil (2022: £12,568) respectively was charged on these loans.

During the year ended 31 March 2021 £825,000 of the loan to Celtic Environmental Developments Limited was converted to equity. At the year end there were balances of £nil (2022: £nil) and £nil (2022: £nil) 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.

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.