

COMPANY REGISTRATION NO. 06330412 (England and Wales)

MERTHYR HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

MERTHYR HOLDINGS LIMITED

COMPANY INFORMATION

| | | |
|------------------|---------------|-------------------------|
| Directors | D S Lewis | (Appointed 1 June 2018) |
| | Mr L Jones | (Appointed 2 July 2018) |
| | Mr A J Lewis | (Appointed 2 July 2018) |
| | Mrs J H Lewis | (Appointed 2 July 2018) |
| | A J Lewis | (Appointed 2 July 2018) |

| | |
|-----------------------|----------|
| Company number | 06330412 |
|-----------------------|----------|

| | |
|--------------------------|---|
| Registered office | Cwmbargoed Disposal Point Fochriw Road Cwmbargoed Merthyr Tydfil CF48 4AE |
|--------------------------|---|

| | |
|----------------|---|
| Auditor | UHY Hacker Young Lanyon House Mission Court Newport South Wales United Kingdom NP20 2DW |
|----------------|---|

MERTHYR HOLDINGS LIMITED

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MERTHYR HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business

The company is a intermediate holding company. The main subsidiary which traded in the year is Merthyr (South Wales) Limited. A detailed Strategic report regarding the performance of the group is available in Merthyr (South Wales) Limited financial statements (Company registration number: 04261274).

The company's parent company is Gwent Investments Limited and the ultimate parent undertaking is Gwent Holdings Limited.

On behalf of the board

Mrs J H Lewis

Director

17 December 2019

MERTHYR HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company continued to be that of an intermediate holding company.

Directors

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

| | |
|---------------|-------------------------|
| Mrs J H Lewis | (Resigned 1 June 2018) |
| D S Lewis | (Appointed 1 June 2018) |
| Mr L Jones | (Appointed 2 July 2018) |
| Mr A J Lewis | (Appointed 2 July 2018) |
| Mrs J H Lewis | (Appointed 2 July 2018) |
| A J Lewis | (Appointed 2 July 2018) |

Results and dividends

The results for the year are set out on page 6.

Ordinary dividends were paid amounting to £11,500,000. The directors do not recommend payment of a final dividend.

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

Mrs J H Lewis

Director

17 December 2019

MERTHYR HOLDINGS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

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.

MERTHYR HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MERTHYR HOLDINGS LIMITED

Opinion

We have audited the financial statements of Merthyr Holdings Limited (the 'company') for the year ended 31 December 2018 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 a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MERTHYR HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBER OF MERTHYR HOLDINGS LIMITED**

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Mr Paul Byett (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

17 December 2019

Chartered Accountants
Statutory Auditor

Lanyon House
Mission Court
Newport
South Wales

MERTHYR HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | 2018 £ | 2017 £ |
|--|-------|------------|------------|
| Interest receivable and similar income | 3 | 11,500,000 | 15,000,000 |
| Profit before taxation | | 11,500,000 | 15,000,000 |
| Tax on profit | 4 | - | - |
| Profit for the financial year | | 11,500,000 | 15,000,000 |

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

MERTHYR HOLDINGS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | £ | £ |
| Profit for the year | 11,500,000 | 15,000,000 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | <u>11,500,000</u> | <u>15,000,000</u> |

MERTHYR HOLDINGS LIMITED**BALANCE SHEET****AS AT 31 DECEMBER 2018**

| | | 2018 | | 2017 | |
|---|-------|-------------|---------|-------------|---------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Investments | 6 | | 1,960 | | 1,960 |
| Current assets | | | | | |
| Debtors | 8 | 3,262,145 | | 3,262,145 | |
| Creditors: amounts falling due within one year | 9 | (3,159,225) | | (3,159,225) | |
| Net current assets | | | 102,920 | | 102,920 |
| Total assets less current liabilities | | | 104,880 | | 104,880 |
| Capital and reserves | | | | | |
| Called up share capital | 10 | 104,000 | | 104,000 | |
| Profit and loss reserves | | 880 | | 880 | |
| Total equity | | 104,880 | | 104,880 | |

The financial statements were approved by the board of directors and authorised for issue on 17 December 2019 and are signed on its behalf by:

Mrs J H Lewis
Director

Company Registration No. 06330412

MERTHYR HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|----------------------------------|--------------|
| Balance at 1 January 2017 | | 104,000 | 2,985,880 | 3,089,880 |
| Year ended 31 December 2017: | | | | |
| Profit and total comprehensive income for the year | | - | 15,000,000 | 15,000,000 |
| Dividends | 5 | - | (17,985,000) | (17,985,000) |
| Balance at 31 December 2017 | | 104,000 | 880 | 104,880 |
| Year ended 31 December 2018: | | | | |
| Profit and total comprehensive income for the year | | - | 11,500,000 | 11,500,000 |
| Dividends | 5 | - | (11,500,000) | (11,500,000) |
| Balance at 31 December 2018 | | 104,000 | 880 | 104,880 |

MERTHYR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Merthyr Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Cwmbargoed Disposal Point, Fochriw Road, Cwmbargoed, Merthyr Tydfil, CF48 4AE.

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 £.

The financial statements have been prepared under the historical cost convention. 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 Gwent Holdings Limited. These consolidated financial statements are available from its registered office, Llanover House, Llanover Road, Pontypridd, Rct, United Kingdom, CF37 4DY.

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.

Merthyr Holdings Limited is a wholly owned subsidiary of Gwent Holdings Limited and the results of Merthyr Holdings Limited are included in the consolidated financial statements of Gwent Holdings Limited which are available from Llanover House, Llanover Road, Pontypridd, Rct, United Kingdom, CF37 4DY.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

MERTHYR HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

1 Accounting policies (Continued)

1.3 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.

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

1.4 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.

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

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.

MERTHYR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

3 Interest receivable and similar income

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | £ | £ |
| Income from fixed asset investments | | |
| Income from shares in group undertakings | 11,500,000 | 15,000,000 |
| | <u>11,500,000</u> | <u>15,000,000</u> |

4 Taxation

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:

| | 2018 | 2017 |
|--|-------------------|-------------------|
| | £ | £ |
| Profit before taxation | 11,500,000 | 15,000,000 |
| | <u>11,500,000</u> | <u>15,000,000</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%) | 2,185,000 | 2,850,000 |
| Tax effect of income not taxable in determining taxable profit | (2,185,000) | (2,850,000) |
| | <u>-</u> | <u>-</u> |
| Taxation charge for the year | - | - |

5 Dividends

| | 2018 | 2017 |
|--------------|-------------------|-------------------|
| | £ | £ |
| Interim paid | 11,500,000 | 17,985,000 |
| | <u>11,500,000</u> | <u>17,985,000</u> |

6 Fixed asset investments

| | | 2018 | 2017 |
|-----------------------------|--------------|--------------|--------------|
| | Notes | £ | £ |
| Investments in subsidiaries | 7 | 1,960 | 1,960 |
| | | <u>1,960</u> | <u>1,960</u> |

MERTHYR HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

6 Fixed asset investments (Continued)

Movements in fixed asset investments

| | Shares in group undertakings |
|--------------------------------------|---|
| | £ |
| Cost or valuation | |
| At 1 January 2018 & 31 December 2018 | 1,960 |
| Carrying amount | |
| At 31 December 2018 | 1,960 |
| At 31 December 2017 | 1,960 |

7 Subsidiaries

| Name of undertaking | Nature of business | Class of shares held | % Held | |
|-------------------------------|--|---------------------------------|---------------|-----------------|
| | | | Direct | Indirect |
| Merthyr (Ffos-y-Fran) Limited | Dormant company | Ordinary | 100.00 | |
| Merthyr (South Wales) Limited | Reclamation of land through the operation of a surface coal mine | Ordinary | 100.00 | |

The registered office address for all of the above is Cwmbargoed Disposal Point Fochriw Road, Cwmbargoed, Merthyr Tydfil, Wales, CF48 4AE.

The only subsidiary undertaking that is significant to the group and traded during the year is Merthyr (South Wales) Limited formerly Miller Argent (South Wales) Limited. It is wholly owned and registered in the UK.

8 Debtors

| | 2018 | 2017 |
|---|-------------|-------------|
| Amounts falling due within one year: | £ | £ |
| Amounts owed by group undertakings | 3,262,145 | 3,262,145 |

9 Creditors: amounts falling due within one year

| | 2018 | 2017 |
|------------------------------------|-------------|-------------|
| | £ | £ |
| Amounts owed to group undertakings | 3,159,225 | 3,159,225 |

MERTHYR HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

10 Share capital

| | 2018 | 2017 |
|---------------------------------|-------------|-------------|
| | £ | £ |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 5,200,000 Ordinary A of 1p each | 52,000 | 52,000 |
| 5,200,000 Ordinary B of 1p each | 52,000 | 52,000 |
| | <hr/> | <hr/> |
| | 104,000 | 104,000 |
| | <hr/> | <hr/> |

11 Ultimate controlling party

The company is wholly owned subsidiary of Gwent Investments Limited, a company incorporated in Great Britain and registered in England & Wales. The registered office of Gwent Investments Limited is Llanover House, Llanover Road, Pontypridd, Ret, United Kingdom, CF37 4DY.

Gwent Investments Limited is 100% owned by Gwent Holdings Limited who is the ultimate parent undertaking. Gwent Holdings Limited is registered in England & Wales and the registered office is C/O UHY Hacker Young, Lanyon House, Mission Court, Newport, Wales, NP20 2DW

Gwent Holdings Limited is the parent of the smallest and largest group of which the company is a member for which group accounts are prepared for the year ended 31 December 2017.

The ultimate controlling party is Mrs J H Lewis by virtue of her shareholding in Gwent Holdings Limited.

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.