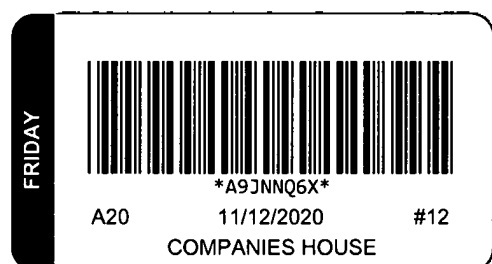


**Registered number: 07741004**

**Arch Coal Europe Limited**

**Annual report and financial statements  
for the year ended 31 December 2019**



# **Arch Coal Europe Limited**

## **Company information**

### **Directors**

J Drexler  
J Eaves  
M Giljum  
R Jones  
D Vanderkraats

### **Company secretary**

R Jones

### **Registered number**

07741004

### **Registered office**

Bryan Cave Leighton Paisner LLP  
Adelaide House  
London Bridge  
London  
EC4R 9HA

### **Independent auditor**

Ernst & Young LLP  
Statutory Auditor  
1 More London Place  
London  
SE1 2AF

# **Arch Coal Europe Limited**

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# **Arch Coal Europe Limited**

## **Directors' report for the year ended 31 December 2019**

The directors present their report and the financial statements of the company for the year ended 31 December 2019.

### **Principal activity**

The principal activity of the company is to act as a service company to the Arch Resources, Inc., formerly Arch Coal, Inc., group.

### **Results and dividends**

The profit for the year, after taxation, amounted to \$35,000 (2018: \$31,000).

The directors do not recommend a payment of a dividend (2018: \$Nil).

### **Going concern**

The company is expected to generate positive cash flows on its own account for the foreseeable future and the parent will continue its support of the company. Accordingly, management have prepared these financial statements on the assumption that the company is able to continue as a going concern.

### **Post balance sheet events**

In the first quarter of 2020, the coronavirus disease 2019 ("COVID-19") emerged as a global level pandemic that is adversely affecting businesses, economies and financial markets worldwide. Measures taken by governments, organizations, the company and its customers to reduce its effects could potentially impact the company's employees, customers and suppliers. The full extent to which the COVID-19 pandemic will impact our future results is unknown and evolving and will depend on future developments, which are highly uncertain and cannot be predicted.

### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise noted, are given below:

J Drexler  
J Eaves  
M Giljum  
R Jones  
D Vanderkraats

### **Qualifying third party indemnity provisions**

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. In respect of those liabilities for which directors may not be indemnified, a directors' and officers' liability insurance policy was maintained by Arch Resources, Inc.

### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

## **Arch Coal Europe Limited**

### **Directors' report (continued) for the year ended 31 December 2019**

#### **Auditor**

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

#### **Small company exemption**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The directors have also taken advantage of the small companies exemptions provided by section 414B of the Companies Act 2006 and not prepared a strategic report.

This report was approved by the board on 16 NOV 2020 and signed on its behalf by:



**J Drexler**  
**Director**

## **Arch Coal Europe Limited**

### **Directors' responsibilities statement for the year ended 31 December 2019**

The directors are responsible for preparing the Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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.

The director is 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.

## **Independent auditors' report to the members of Arch Coal Europe Limited**

### **Opinion**

We have audited the financial statements of Arch Coal Europe Limited for the year ended 31 December 2019 which comprise Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 10 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" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 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 below. 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.

## **Independent auditors' report to the members of Arch Coal Europe Limited (continued)**

### **Other information**

The other information comprises the information included in the annual report, set out on pages 1 to 3, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.



## **Independent auditors' report to the members of Arch Coal Europe Limited (continued)**

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

### **Auditors' 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 auditors' 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' 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.



Jacqueline Ann Geary (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 16 November 2020

## **Arch Coal Europe Limited**

### **Profit and loss account for the year ended 31 December 2019**

	<b>2019 \$000</b>	<b>2018 \$000</b>
Turnover	<b>779</b>	<b>755</b>
Administrative expenses	<b>(731)</b>	<b>(709)</b>
Operating profit	<b>48</b>	<b>46</b>
Tax on profit	<b>(13)</b>	<b>(15)</b>
Profit for the financial year	<b>35</b>	<b>31</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account. Therefore, a statement of other comprehensive income has not been presented.

The notes on pages 10 to 17 form part of these financial statements.

# Arch Coal Europe Limited

Registered number: 07741004

## Balance sheet as at 31 December 2019

	Note	2019 \$000	2019 \$000	2018 \$000	2018 \$000
<b>Current assets</b>					
Debtors	5	200		79	
Bank & cash balances		206		246	
		<u>406</u>		<u>325</u>	
Creditors: amounts falling due within one year	6	(306)		(217)	
<b>Net current assets</b>			100		108
<b>Provisions for liabilities</b>					
Provisions			-		(43)
<b>Net assets</b>			<u>100</u>		<u>65</u>
<b>Capital and reserves</b>					
Called up share capital			2		2
Retained profit			98		63
<b>Total equity</b>			<u>100</u>		<u>65</u>

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16, November 2020.



J Drexler  
Director

The notes on pages 10 to 17 form part of these financial statements.

## **Arch Coal Europe Limited**

### **Statement of changes in equity for the year ended 31 December 2019**

	<b>Called up share capital \$000</b>	<b>Retained profit \$000</b>	<b>Total equity \$000</b>
<b>At 1 January 2018</b>	<b>2</b>	<b>32</b>	<b>34</b>
<b>Profit for the financial year, representing total comprehensive income</b>	<b>-</b>	<b>31</b>	<b>31</b>
<b>At 1 January 2019</b>	<b>2</b>	<b>63</b>	<b>65</b>
<b>Profit for the financial year, representing total comprehensive income</b>	<b>-</b>	<b>35</b>	<b>35</b>
<b>At 31 December 2019</b>	<b>2</b>	<b>98</b>	<b>100</b>

The notes on pages 10 to 17 form part of these financial statements.

# **Arch Coal Europe Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

### **1. General information**

The principal activity of Arch Coal Europe Limited ('the company') is to act as a service company to the Arch Resources, Inc. group.

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Bryan Cave Leighton Paisner LLP, Adelaide House, London Bridge, London, United Kingdom, EC4R 9HA.

### **2. Statement of compliance**

The financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") as amended by Section 1A "Small Entities" and the Companies Act 2006.

### **3. Accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **3.1 Basis of preparation of financial statements**

The financial statements have been prepared on the going concern basis and under the historical cost convention.

The preparation of these financial statements is in conformity with FRS 102 as amended by Section 1A "Small Entities" and requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

#### **3.2 Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions. These exemptions are:

- disclosure of the number of shares outstanding at the beginning and end of the period.
- preparing a statement of cash flows;
- preparing certain financial instrument disclosures;
- disclosure of share based payments; and
- disclosure of key management personnel compensation in total

The company has taken advantage of these exemptions on the basis that it meets the definition of a qualifying entity and its ultimate parent company, Arch Resources, Inc., includes the related disclosures in its own consolidated financial statements. Details of where those financial statements may be obtained can be found in note 9.

Other than the exemptions taken above, the company has applied the recognition, measurement and disclosure requirements of FRS 102.

#### **3.3 Going concern**

The company is expected to generate positive cash flows on its own account for the foreseeable future and the parent will continue its support of the company. Accordingly, management have prepared these financial statements on the assumption that the company is able to continue as a going concern.

## **Arch Coal Europe Limited**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **3. Accounting policies (continued)**

##### **3.4 Turnover**

Turnover comprises the recharge of costs to the parent company, Arch Resources, Inc., based on a cost plus margin of 6.5%. Turnover is recognised on an annual basis when the expenses for the year have been determined.

##### **3.5 Foreign currency**

###### **(i) Functional and presentational currency**

The company's functional and presentational currency is the United States Dollar. All financial information presented in dollars has been rounded to the nearest thousand dollars.

###### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

## **Arch Coal Europe Limited**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **3. Accounting policies (continued)**

##### **3.6 Employee benefits**

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements, share based payments and defined contribution pension plans.

###### **(i) Short term benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

###### **(ii) Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

###### **(iii) Annual bonus plan**

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

###### **(iv) Share-based payments**

The company participates in a share-based payment arrangement established by the parent company, Arch Resources, Inc. The company takes advantage of the alternative treatment allowed under Section 26 of FRS 102. The company has calculated its allocation of the parent company's total share-based payment expense based on the fair value of vested options of all employees who have spent time working for the company in the year.

## **Arch Coal Europe Limited**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **3. Accounting policies (continued)**

##### **3.7 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity. In this case, tax is also recognised directly in equity.

##### **(i) Current tax**

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

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

##### **(ii) Deferred tax**

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

##### **3.8 Cash and cash equivalents**

Cash and cash equivalents includes cash in hand and deposits held with banks. Bank overdrafts are shown within borrowings in current liabilities.



# **Arch Coal Europe Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

### **3. Accounting policies (continued)**

#### **3.9 Financial instruments**

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

##### **(i) Financial assets**

Basic financial assets, including trade and other debtors, amounts owed by group undertakings and cash and bank balances are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the profit and loss account.

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 the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **(ii) Financial liabilities**

Basic financial liabilities, including trade and other creditors and amounts owed to group undertakings are initially recognised at transaction price.

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. Creditors 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.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### **(iii) Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an 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.

# Arch Coal Europe Limited

## Notes to the financial statements for the year ended 31 December 2019

### 3. Accounting policies (continued)

#### 3.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

#### 3.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### 3.12 Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

### 4. Employees

The average monthly number of employees, including directors, during the year was 6 (2018: 6).

### 5. Debtors

	2019 \$000	2018 \$000
<b>Due after more than one year</b>		
Other debtors	4	3
Deferred tax asset	21	7
	<u>25</u>	<u>10</u>
<b>Due within one year</b>		
Amounts owed by group undertakings	165	39
Other debtors	8	2
Prepayments and accrued income	2	2
Corporation tax recoverable	-	26
	<u>200</u>	<u>79</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

## Arch Coal Europe Limited

### Notes to the financial statements for the year ended 31 December 2019

#### 6. Creditors: Amounts falling due within one year

	2019 \$000	2018 \$000
Corporation tax	11	-
Other taxation and social security	12	11
Accruals and deferred income	283	206
	<u>306</u>	<u>217</u>

#### 7. Commitments under operating leases

At 31 December the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 \$000	2018 \$000
Not later than 1 year	27	26
Later than 1 year and not later than 5 years	7	32
	<u>34</u>	<u>58</u>

#### 8. Related party transactions

The company is exempt from disclosing related party transactions with other companies that are wholly owned within the Arch Resources, Inc. group.

## **Arch Coal Europe Limited**

### **Notes to the financial statements for the year ended 31 December 2019**

#### **9. Immediate parent company and ultimate controlling party**

The immediate and ultimate parent undertaking is Arch Resources, Inc., a company incorporated in The United States of America. Arch Resources, Inc. is the largest and only group which includes the company and for which the group financial statements are prepared.

Copies of the group financial statements are available from the registered office at: One City Place Drive, Suite 300, St.Louis, MO 63141, USA.

#### **10. Post balance sheet events**

In the first quarter of 2020, the coronavirus disease 2019 ("COVID-19") emerged as a global level pandemic that is adversely affecting businesses, economies and financial markets worldwide. Measures taken by governments, organizations, the company and its customers to reduce its effects could potentially impact the company's employees, customers and suppliers. The full extent to which the COVID-19 pandemic will impact our future results is unknown and evolving and will depend on future developments, which are highly uncertain and cannot be predicted.