

Company registration number 10119615 (England and Wales)

GWENT HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

GWENT HOLDINGS LIMITED

COMPANY INFORMATION

Directors Mrs J H Lewis
Mr A J Lewis

Company number 10119615

Registered office Bradbury House
Mission Court
Newport
Gwent
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NP20 2DW

Auditor UHY Hacker Young
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GWENT HOLDINGS LIMITED

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GWENT HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

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

Promoting the success of the company

This report sets out how the directors comply with the requirements of section 172 Companies Act 2006 and how these requirements have impacted on the decision making of the Gwent Holdings Limited directors.

Our directors have always acted in good faith in ways which promote the success of the company and the group with regard to its members and stakeholders whilst maintaining the highest level of business conduct.

The group's coal operations are governed by external planning consents, coal licences and coal resources and the group plans to operate safely and responsibly within these constraints.

On completion of coaling the site will be restored in accordance with the agreed terms of the reclamation project.

The group's healthcare activities are regulated by the Healthcare Inspectorate of Wales who carry out regular inspections and audits of the hospital and its services.

The likely consequences of any decision in the long term

The directors constantly review the capital expenditure requirements across the group and are committed to ensuring that all operations have the investment required. Progress is constantly reviewed in order to achieve both the extraction and the restoration targets.

Funding is provided via the holding company where appropriate.

The interest of the employees

The directors recognise the importance of all Employees and their roles in the group.

Health and safety is an absolute priority in both the mining and healthcare activities and additional measures were introduced immediately during Covid 19 to minimise any risk to the workforce.

The group engages regularly with the workforce through toolbox talks and other forms of communication.

The need to foster the group's business relationships with suppliers, customers and others

The directors understand the importance of our suppliers to achieve the long-term plans of the business. Supplier relationships are key to the business and regular meetings and performance reviews are carried out to ensure the quality of supplies and services are maintained.

All customers are regularly contacted to support our relationship and to ensure quality standards and delivery terms are achieved.

Other stakeholders include governing bodies, local authorities, finance partners, regulatory bodies and residents.

The impact of the group's operations on the community and environment

The directors are particularly aware of the impact of the restoration project on the local community and operates in ways which minimises the impact on the environment, wildlife and residents in the local community. Funding and sponsorship are provided for many local events.

Desirability of the group maintaining a reputation for high standards of business conduct

The directors ensure the reputation of the group is maintained in all business transactions.

There is a commitment to ensure the workforce fully reflects society and is included as a key element to deliver the corporate plan.

The need to act fairly between members of the company

The group is family owned and regularly engages with the directors of the company.

GWENT HOLDINGS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Fair review of the business

The results of these financial statements includes the consolidated position of the group. The most significant trading activity of the group in the year continued to be represented by the coal mining operations of Merthyr (South Wales) Limited, the healthcare operations of St Joseph's Independent Hospital Limited and income from property rentals and plant hire.

The results are presented on page 13.

Group revenue increased by £33.9m (49.3%) from £68.9m to £102.8m; coal sales rose by £32.3m (75.6%) from £42.9m to £75.2 m. The hospital contributed approximately £27.6m (2021: £26.0m) to group revenue in the year to 31 December 2022.

Group profitability improved significantly due to improved results by St Joseph's Independent Hospital Limited, as well as from the contribution of the company's rental income, and a smaller impact of increased anticipated restoration costs in the group's coal operations compared to the prior year (see below); resulting in a profit before tax for the year of £38.3m (2021: £11.4m).

Group net assets at 31 December 2022 were £72.5m (2021: £42.1m).

Performance review - Coal operations

All coaling operation ceased following the year on 30 November 2023. All former miners were made redundant with effect from this date. All remaining coal was sold by February 2024.

The directors are satisfied with the group's coal operational performance during the year. The overall result was impacted by further significant increases in provisions due to increases in fuel costs. The total tonnage of coal sales in the year was 495,761 (2021: 546,310) a 9% decrease. The average coal price achieved increased by 94% to £151.66 per tonne.

GP% which is one of the company's key areas of operating effectiveness was 14.5% for the year ended 31 December 2022 compared to -3.2% for the year ended 31 December 2021.

The gross profit includes £3.0m (2021: £5.8m) of exceptional cost related to provision adjustments (see note 2, 8, 25); adjusting for these items the GP% was 18.4% compared to 10.3% in 2021. The site continued to operate a single shift operation through 2021, directly impacting the amount of coal extracted from the mine. This was necessary to ensure the ongoing safety of the workforce as local outbreaks of covid continued; this inevitably impacted on the margin in the prior year.

GWENT HOLDINGS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Performance review - Healthcare

The companies key performance indicators (KPI's) for the third year of trading were:

		2022	2021
Outpatients	43,179	35,583	
Admissions	8,324	7,184	
Patient Day Equivalents		9,883	8,556
Imaging	14,754	13,369	
Physiotherapy	13,345	11,410	

The directors were very satisfied with the KPI's achieved during the year which demonstrate continuing growth in all core areas of the business.

Revenue grew by 6% to £27.6m GP% was 60.1% compared to 61.2% .

The hospital's purpose is to make a positive difference to our patient's lives through outstanding personalised care and forms the bedrock on which we base all our strategic decisions. Consequently, the hospital has continued to make significant investment in improvements to its infrastructure alongside expanding capacity by building the Clinical Treatment Centre and Ophthalmology Unit

Performance review - Parent company

The company has invested in property and plant and machinery in previous years and is now generating revenue from those assets; the company's revenue for the year ended 31 December 2022 was £10.3m and its profit before taxation was £10.4m.

GWENT HOLDINGS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Principal risks and uncertainties

Mining Operations

The principal activity is the reclamation of direct land to the east of Merthyr Tydfil, South Wales, through the operation of a surface coal mine. The principal risks and uncertainties faced by the group in relation to these operations are:

Market

The group works in close co-operation with the relevant regulatory authorities to satisfy both the planning permissions and licence requirements.

The world commodity markets determines the price of coal but the group minimises risk by securing fixed term contracts with key customers.

Operations

Our mining Engineers are constantly reviewing detailed geographical and engineering models to maximise efficiencies within the mine.

Heavy equipment is used in the restoration project and health and safety is of primary concern to the business. Working practices are designed to ensure safety and also minimise the impact of the project on local residents and the local environment.

Healthcare

The principal activity is the operation of the St Joseph's private hospital; the principal risks relating to these trading activities are:

Covid-19

The group has implemented policies, procedures and ways of working to endure a safe environment for patients and staff alike and this has allowed the group to successfully remain open throughout all of the lockdowns. The group is confident that it can continue to negotiate any future Covid turbulence.

Health & Safety

The group has in place a rigorous and far-reaching health & safety policy and is committed to adhering to all legislation requirements imposed through enforcing authorities.

Risk Management

Coal operations

The principle risk for the group is to achieve sales for the product at satisfactory pricing levels. Currently these remain positive and are likely to be so for the foreseeable future.

The UK Steel and Cement sectors provide our key customer base. Our mine plan is fully-costed and regularly reviewed and includes appropriate allowances for contingencies such as adverse weather. The most significant variable cost is fuel. Coal prices and fuel costs are currently providing a natural hedge. Full account has been taken for funding the restoration obligation in the future costs and cash flows.

Hospital

Whilst there remains a level of uncertainty in the wider economy due to the ongoing pandemic the board is confident that the group can withstand this. The group continued to invest significantly in 2022 and activities continued to increase significantly.

GWENT HOLDINGS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Financial risks

The group's activities expose it to a number of financial risks including price risk, credit risk, cash flow risk and liquidity risk.

Cash flow risk - Loans bear fixed interest rates, therefore the group does not have significant exposure to adverse movements in interest rates.

Credit risk - The group's principal financial assets are bank balances and cash, and trade and other receivables. The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The group does have a concentration of credit risk, with a small number of counterparties and customers; the group actively manages this risk.

Liquidity risk - In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group uses a mixture of long-term equity and short-term debt finance.

Price risk - The group does have significant exposure to price risk particularly in the mining operations as noted above.

On behalf of the board

Mrs J H Lewis
Director
29 May 2024

GWENT HOLDINGS LIMITED

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

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

Principal activities

The principal activity of the company is that of a holding and investment company. As set out in the strategic report, the group's principal activities are the operation of a surface coal mine, and the provision of elective surgery and other medical services to private and NHS patients.

Results and dividends

The results for the year are set out on page 13, a review of business is set out in the strategic report on page 2.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Post balance sheet events

As noted in the Strategic Report the group ceased coaling on 30 November 2023 and made the majority of its workforce redundant; the cost of the redundancies was approximately £1.5m. The directors are currently assessing other costs of closure including the company's obligations for restoration (refer to Note 2).

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

Mr A J Lewis

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report

The group's subsidiary, Merthyr (South Wales) Limited is the only entity within the group required to report in accordance with the Streamlined Energy and Carbon legislation. We have reported on all sources of GHG emissions and Energy usage in relation to Merthyr (South Wales) Limited:

GWENT HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
<i>Energy consumption</i>	kWh	kWh
Aggregate of energy consumption in the year	880,367	933,602
	<u> </u>	<u> </u>
	2022	2021
<i>Emissions of CO2 equivalent</i>	metric tonnes	metric tonnes
Scope 1 - direct emissions		
- Gas combustion	-	-
- Fuel consumed for owned transport	14,216.00	16,598.00
	<u> </u>	<u> </u>
	14,216.00	16,598.00
Scope 2 - indirect emissions		
- Electricity purchased	858,661.00	910,923.00
Scope 3 - other indirect emissions		
- Fuel consumed for transport not owned by the	3,712.00	3,012.00
	<u> </u>	<u> </u>
Total gross emissions	876,589.00	930,533.00
	<u> </u>	<u> </u>
<i>Intensity ratio</i>		
Tonnes CO2e per £'m of revenue	0.0117	0.0232
	<u> </u>	<u> </u>

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per £'m of revenue.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Going Concern

The group's coal licence expired and coaling ceased on 30 November 2023. All miners were made redundant. The group continued to sell the remaining coal extracted until February 2024. The group now has no alternative other than to cease trading with regards to its mining operations.

The healthcare operations continued to grow in terms of revenue and profitability.

The directors have prepared cashflow projections for the group and at the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to meet its debts as they fall due, thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

GWENT HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

On behalf of the board

Mrs J H Lewis
Director

29 May 2024

GWENT HOLDINGS LIMITED

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

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

GWENT HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GWENT HOLDINGS LIMITED**

Opinion

We have audited the financial statements of Gwent Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Emphasis of matter - provisions

We draw attention to note 2, which explains that the group's restoration provision is based on the existing planning consent and original restoration plan and that certain costs within the provision relate to recharges from other group companies. Changes to the restoration plan could have a fundamental affect on the provision. Our opinion is not modified in respect of this matter, however it is significant to the understanding of the financial statements.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

GWENT HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF GWENT HOLDINGS LIMITED**

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group and parent 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 group and parent company, including the Companies Act 2006;
- 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.

GWENT HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF GWENT HOLDINGS LIMITED**

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

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

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

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

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

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group and parent 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 Paul Byett (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

29 May 2024

Chartered Accountants
Statutory Auditor

Newport
Gwent
United Kingdom

GWENT HOLDINGS LIMITED**GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022	2021
	Notes	£	£
Turnover	3	102,801,753	68,861,623
Cost of sales (including exceptional cost of £3.0m, 2021: £5.8m)	8	(49,862,151)	(44,212,630)
Gross profit		52,939,602	24,648,993
Distribution costs		(252,213)	(199,655)
Administrative expenses		(12,482,046)	(10,444,682)
Other operating income		174,523	359,175
Operating profit	4	40,379,866	14,363,831
Interest receivable and similar income	7	949,221	8,372
Interest payable and similar expenses	9	(2,606,204)	(1,639,075)
Amounts written off investments	10	(378,236)	(1,269,600)
Profit before taxation		38,344,647	11,463,528
Tax on profit	11	(8,096,802)	(2,118,793)
Profit for the financial year		30,247,845	9,344,735
Profit for the financial year is attributable to:			
- Owners of the parent company		27,783,682	6,435,516
- Non-controlling interests		2,464,163	2,909,219
		30,247,845	9,344,735

The profit and loss account has been prepared on the basis that all operations are continuing operations. The coaling operations which comprise a significant proportion of the group's activities were discontinued post year end.

GWENT HOLDINGS LIMITED

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

	2022 £	2021 £
Profit for the year	30,247,845	9,344,735
Other comprehensive income	-	-
Total comprehensive income for the year	<u>30,247,845</u>	<u>9,344,735</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	27,783,682	6,435,516
- Non-controlling interests	2,464,163	2,909,219
	<u>30,247,845</u>	<u>9,344,735</u>

GWENT HOLDINGS LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Goodwill	12		3,235,245		3,356,126
Tangible assets	13		17,484,555		14,967,184
Investment property	14		11,846,047		9,918,961
Investments	15		8,910,923		6,526,195
			<u>41,476,770</u>		<u>34,768,466</u>
Current assets					
Stocks	17	2,986,476		2,535,665	
Debtors	19	39,517,849		32,115,552	
Cash at bank and in hand		95,138,586		67,293,280	
		<u>137,642,911</u>		<u>101,944,497</u>	
Creditors: amounts falling due within one year	20	(29,345,565)		(22,175,824)	
Net current assets			<u>108,297,346</u>		<u>79,768,673</u>
Total assets less current liabilities			<u>149,774,116</u>		<u>114,537,139</u>
Creditors: amounts falling due after more than one year	21		-		(22,040)
Provisions for liabilities					
Provisions	25	75,948,885		71,446,834	
Deferred tax liability	23	1,342,862		913,742	
		<u>(77,291,747)</u>		<u>(72,360,576)</u>	
Net assets			<u><u>72,482,369</u></u>		<u><u>42,154,523</u></u>
Capital and reserves					
Called up share capital	26		1		1
Profit and loss reserves			65,513,288		38,672,725
Equity attributable to owners of the parent company			<u>65,513,289</u>		<u>38,672,726</u>
Non-controlling interests			<u>6,969,080</u>		<u>3,481,797</u>
			<u><u>72,482,369</u></u>		<u><u>42,154,523</u></u>

GWENT HOLDINGS LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved by the board of directors and authorised for issue on 29 May 2024 and are signed on its behalf by:

Mrs J H Lewis

Director

Company registration number 10119615 (England and Wales)

GWENT HOLDINGS LIMITED**COMPANY BALANCE SHEET**

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		2,748,344		2,666,201
Investment property	14		11,846,047		9,918,961
Investments	15		11,211,024		8,826,296
			<u>25,805,415</u>		<u>21,411,458</u>
Current assets					
Debtors	19	27,837,640		24,438,102	
Cash at bank and in hand		83,338,836		46,997,821	
		<u>111,176,476</u>		<u>71,435,923</u>	
Creditors: amounts falling due within one year					
	20	(78,961,950)		(43,394,894)	
Net current assets			<u>32,214,526</u>		<u>28,041,029</u>
Net assets			<u>58,019,941</u>		<u>49,452,487</u>
Capital and reserves					
Called up share capital	26		1		1
Profit and loss reserves			58,019,940		49,452,486
Total equity			<u>58,019,941</u>		<u>49,452,487</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £8,567,454 (2021 - £5,903,714 profit).

The financial statements were approved by the board of directors and authorised for issue on 29 May 2024 and are signed on its behalf by:

Mrs J H Lewis

Director

Company registration number 10119615 (England and Wales)

GWENT HOLDINGS LIMITED

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

	Share capital	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
	£	£	£	£	£
Balance at 1 January 2021	1	32,521,563	32,521,564	288,224	32,809,788
Year ended 31 December 2021:					
Profit and total comprehensive income	-	6,435,516	6,435,516	2,909,219	9,344,735
Disposal of non controlling interest	-	(284,354)	(284,354)	284,354	-
Balance at 31 December 2021	1	38,672,725	38,672,726	3,481,797	42,154,523
Year ended 31 December 2022:					
Profit and total comprehensive income	-	27,783,682	27,783,682	2,464,163	30,247,845
Shares issued to non-controlling interest	-	-	-	80,001	80,001
Disposal of non controlling interest	-	(943,119)	(943,119)	943,119	-
Balance at 31 December 2022	1	65,513,288	65,513,289	6,969,080	72,482,369

GWENT HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2021	1	43,548,772	43,548,773
	<hr/>	<hr/>	<hr/>
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	5,903,714	5,903,714
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	1	49,452,486	49,452,487
	<hr/>	<hr/>	<hr/>
Year ended 31 December 2022:			
Profit and total comprehensive income for the year	-	8,567,454	8,567,454
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2022	1	58,019,940	58,019,941
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

GWENT HOLDINGS LIMITED**GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from operations	33	39,234,720		17,835,810	
Interest paid		(1,058,204)		(91,075)	
Income taxes refunded		1,308,096		793,991	
Net cash inflow from operating activities		39,484,612		18,538,726	
Investing activities					
Purchase of tangible fixed assets		(8,809,384)		(1,940,015)	
Proceeds from disposal of tangible fixed assets		932,992		1,036,855	
Purchase of investment property		(1,970,059)		(3,574,510)	
Purchase of investments		(4,707,964)		(4,054,459)	
Proceeds from disposal of investments		1,987,973		3,300,000	
Interest received		949,221		8,372	
Net cash used in investing activities		(11,617,221)		(5,223,757)	
Financing activities					
Issues of shares to NCI		80,001		-	
Payment of finance leases obligations		(102,086)		(7,801,763)	
Net cash used in financing activities		(22,085)		(7,801,763)	
Net increase in cash and cash equivalents		27,845,306		5,513,206	
Cash and cash equivalents at beginning of year		67,293,280		76,193,086	
Cash and cash equivalents at end of year		95,138,586		81,706,292	

GWENT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Gwent Holdings Limited (“the company”) is a private limited company domiciled and incorporated in England and Wales. The registered office is Bradbury House, Mission Court, Newport, Gwent, United Kingdom, NP20 2DW.

The group consists of Gwent Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being 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 for parent company information presented within the consolidated financial statements:

- Section 4 ‘Statement of Financial Position’: Reconciliation of the opening and closing number of shares;
- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues’: Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 ‘Share based Payment’: Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

GWENT HOLDINGS LIMITED

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

1 Accounting policies (Continued)

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Gwent Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

The acquisition of Gwent Investments Limited has been treated as a group reconstruction since there was no change in the ultimate ownership. Accordingly the acquisition was accounted for using the merger accounting method.

Merthyr (Holdings) Limited, Merthyr (South Wales) Limited and St Joseph's Independent Hospital Limited have been included in the group financial statements using the purchase method of accounting.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

In the parent company financial statements, group reorganisation relief has been applied to the acquisition of Gwent Investments Limited in accordance with s.612 of the Companies Act 2006 therefore no premium has been accounted for and the investment has been recorded at the nominal value of the shares issued.

1.3 Going concern

The group's coal licence expired and coaling ceased on 30 November 2023. All miners were made redundant. The group continued to sell the remaining coal extracted until February 2024. The group now has no alternative other than to cease trading its mining operations. The accounts of Merthyr (South Wales) Limited have been prepared on a basis other than going concern.

The healthcare operations continued to grow in terms of revenue and profitability.

The directors have prepared cashflow projections for the group and at the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to meet its debts as they fall due, thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover relates to amounts derived from coal sales and other services. Turnover is recognised at the fair value of the consideration received or receivable, 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.

GWENT HOLDINGS LIMITED

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

1 Accounting policies **(Continued)**

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is over the remaining life of the mining operation.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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:

Land and buildings - coal	Coal Extraction basis
Land and buildings - hospital	50 years
Improvements to property	50 years
Plant and machinery / Fixtures and fittings	3 - 15 years
Deferred stripping costs	Not depreciated
Mining projects	Coal Extraction basis
Restoration asset	Coal Extraction basis
Motor vehicles	4 - 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Deferred stripping costs

Stripping costs incurred during the production stage of operations are deferred and included within fixed assets. The amount of stripping cost deferred is based on the ratio of overburden removed to coal extraction. Stripping costs incurred in the period are deferred to the extent the current period ratio exceeds the life of mine ratio. Such deferred costs are charged against profits to the extent that, in subsequent periods, the ratio is below the life of mine ratio. The remaining balance has been released as coaling ceased in 2023.

Mining projects

Mining projects include the costs of site establishment and costs incurred prior to commencement of operations and costs transferred from intangible fixed assets. Costs have now been fully written off.

Restoration and closure costs

The total costs of reinstatement of soil excavation and of surface restoration are recognised as a provision at site commissioning when the obligation arises. The amount provided represents the present value of the expected costs. Costs are charged to the provision as incurred and the unwinding of the discount is included in the interest charge for the year. An asset is created for an amount equivalent to the initial provision. This is charged to the profit and loss account on a coal extraction basis over the life of the site. The asset is now fully amortised.

GWENT HOLDINGS LIMITED

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

1 Accounting policies **(Continued)**

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.8 Fixed asset investments

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

Investments in prestige vehicles are measured at fair value through profit or loss, except for vehicles that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

GWENT HOLDINGS LIMITED

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

1 Accounting policies

(Continued)

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

GWENT HOLDINGS LIMITED

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

1 Accounting policies **(Continued)**

1.14 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.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.17 Government grants

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

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

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

GWENT HOLDINGS LIMITED

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

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Going concern

The company's subsidiary, Merthyr South Wales' coal licence expired and coaling ceased on 30 November 2023, the director had no alternative other than for the Merthyr South Wales to cease trading, therefore Merthyr South Wales' accounts 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. The director is satisfied that there is no significant risk that Merthyr South Wales will not be able to meet its liabilities as they fall due and hence we are satisfied that its ceasing to be a going concern does not impact on the company's or the group's ability to continue as a going concern.

The directors have prepared cashflow projections and at the time of approving the financial statements, the directors have a reasonable expectation that the company and the group has adequate resources to meet its debts as they fall due, however, since the director has no alternative other than for the company to cease trading, 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.

Restoration provision

The restoration provision is based on managements best estimate of the cash flow expected in order to restore the mine in accordance with the planning consent. The restoration is based on the original restoration plan. Changes to any of the factors included in the estimate can have a significant impact on the overall expected cost; in particular the overall cost is significantly impacted by the cost of plant including fuel. As discussed further in notes 8 and 25 the provision was re-assessed during the year and as a consequence the estimate was increased by £3.0m; this was debited to the profit and loss account (2021: £5.8m was debited to the profit and loss account). This is regarded as an exceptional item, refer to note 8. The main cause of the increase is significant anticipated increases in plant hire costs. Changes to the restoration plan could have a fundamental impact on the provision.

Restoration asset

A restoration asset was created for an amount equivalent to the initial provision. The asset is amortised on a unit of production basis. The carrying value of the restoration asset is therefore susceptible to the same uncertainties as the provision. The amortisation charge is affected by estimates of remaining reserves.

Other assets amortised on the unit of production basis

Mining rights (Intangible) and Mining Projects (Tangible) are also amortised on a unit of production basis, therefore the amortisation of these assets is also affected by the estimate of future recoverable reserves.

Deferred stripping

As disclosed in section 1 above costs are deferred to the extent that the current ratio of overburden to coal exceeds the ratio expected in the company's life of mine (LOM) projections and costs are released when the current ratio is below the LOM rate. These ratios are derived from extensive geographical survey and bore-hole testing, however the asset can clearly be significantly affected by managements judgement and estimate of future coal recovery and much shift.

GWENT HOLDINGS LIMITED

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

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Coal	75,178,533	42,815,452
Healthcare	27,623,220	26,046,171
	<u>102,801,753</u>	<u>68,861,623</u>
	2022	2021
	£	£
Other revenue		
Interest income	949,221	8,372
Grants received	-	253,327
	<u>-</u>	<u>253,327</u>

All turnover relates to the UK by origin and destination.

Grants received of £253,327 in 2021 is furlough income from the UK Government due to the Covid-19 pandemic.

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging:		
Government grants	-	(253,327)
Depreciation of owned tangible fixed assets	2,939,247	6,034,355
Depreciation of tangible fixed assets held under finance leases	-	72,000
Profit on disposal of tangible fixed assets	(1,559,909)	(212,238)
Amorisation of intangible assets	120,881	120,882
Exceptional items (note 8)	5,769,592	13,812,100
Operating lease charges	18,000	28,920
	<u>18,000</u>	<u>28,920</u>

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	17,501	14,070
Audit of the financial statements of the company's subsidiaries	79,390	71,160
	<u>96,891</u>	<u>85,230</u>
For other services		
Taxation compliance services	10,000	10,000
All other non-audit services	650	650
	<u>10,650</u>	<u>10,650</u>

GWENT HOLDINGS LIMITED

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

6 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
Site operatives - Mining	98	116	-	-
Management and administration - Mining	19	19	-	-
Clinical - Hospital	178	154	-	-
Non-clinical - Hospital	121	99	-	-
	<u>416</u>	<u>388</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2022 £	2021 £	Company 2022 £	2021 £
Wages and salaries	13,658,813	12,276,353	-	-
Social security costs	1,407,051	1,167,357	-	-
Pension costs	682,456	493,080	-	-
	<u>15,748,320</u>	<u>13,936,790</u>	<u>-</u>	<u>-</u>

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	878,702	-
Other interest income	70,519	8,372
Total income	<u>949,221</u>	<u>8,372</u>

8 Exceptional costs

Restoration provision/asset

As discussed in notes 2 and 25 during the year the directors again reassessed the restoration provision based on current operating costs in particular plant hire costs and diesel prices which have increased significantly and as a result increased the restoration provision by £3.0m to £75.9m; this followed an internal re-evaluation as well as a review by independent consultants. The £3.0m increase was debited to the profit and loss account.

This followed significant increases in the restoration provision of £5.8m in 2021 and these increases were principally a result of significant increases in fuel costs following the fuel duty changes which mean that the duty charge to the company increases from 11.14p per litre to 57.95p per litre from 1 April 2022 and further increases in fuel costs are to rising pump prices.

GWENT HOLDINGS LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022****9 Interest payable and similar expenses**

	2022	2021
	£	£
Interest on bank overdrafts and loans	114,859	1,303
Interest on finance leases and hire purchase contracts	10,118	89,772
Unwinding of discount on provisions	1,548,000	1,548,000
Other interest	933,227	-
	<u>2,606,204</u>	<u>1,639,075</u>

Other interest of £933,227 relates to interest on overdue taxation.

10 Amounts written off investments

	2022	2021
	£	£
Loss on disposal of investments held at fair value	(378,236)	(1,269,600)
	<u>(378,236)</u>	<u>(1,269,600)</u>

11 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	7,068,194	2,821,627
Adjustments in respect of prior periods	599,488	(24,165)
	<u>7,667,682</u>	<u>2,797,462</u>
Deferred tax		
Origination and reversal of timing differences	429,120	(742,019)
Changes in tax rates	-	63,350
	<u>429,120</u>	<u>(678,669)</u>
Total tax charge	<u>8,096,802</u>	<u>2,118,793</u>

GWENT HOLDINGS LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022****11 Taxation****(Continued)**

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	38,344,647	11,463,528
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	7,285,483	2,178,070
Tax effect of expenses that are not deductible in determining taxable profit	717,273	346
Gains not taxable	(46,954)	(136,544)
Tax effect of utilisation of tax losses not previously recognised	-	(156,819)
Unutilised tax losses carried forward	(580)	2,647
Adjustments in respect of prior years	599,488	(29,059)
Effect of change in corporation tax rate	-	121,933
Permanent capital allowances in excess of depreciation	(489,643)	(79,141)
Depreciation on assets not qualifying for tax allowances	31,735	217,360
Taxation charge	8,096,802	2,118,793

GWENT HOLDINGS LIMITED

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

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2022 and 31 December 2022	4,700,821
	<hr/>
Amortisation and impairment	
At 1 January 2022	1,344,695
Amortisation charged for the year	120,881
	<hr/>
At 31 December 2022	1,465,576
	<hr/>
Carrying amount	
At 31 December 2022	3,235,245
	<hr/> <hr/>
At 31 December 2021	3,356,126
	<hr/> <hr/>

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

GWENT HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Tangible fixed assets

Group	Land and improvements to buildings	Assets under construction	Plant and machinery /fixtures and fittings	Deferred stripping costs	Mining projects	Restoration asset	Motor vehicles	Total	
	£	£	£	£	£	£	£	£	
Cost									
At 1 January 2022	5,983,692	1,146,992	469,513	14,575,165	3,173,814	11,048,344	8,225,789	1,401,647	46,024,956
Additions	-	2,422,502	1,590,567	4,322,665	-	-	-	473,650	8,809,384
Deferral reversal	-	-	-	-	(2,800,000)	-	-	-	(2,800,000)
Disposals	-	-	-	(206,502)	-	-	(1,316,160)	(429,193)	(1,951,855)
At 31 December 2022	5,983,692	3,569,494	2,060,080	18,691,328	373,814	11,048,344	6,909,629	1,446,104	50,082,485
Depreciation and impairment									
At 1 January 2022	3,750,075	25,136	-	7,722,574	-	10,557,413	7,800,826	1,201,748	31,057,772
Depreciation charged in the year	205,506	62,788	-	1,623,137	-	490,931	424,963	131,922	2,939,247
Eliminated in respect of disposals	-	-	-	(206,503)	-	-	(1,179,683)	(12,903)	(1,399,089)
At 31 December 2022	3,955,581	87,924	-	9,139,208	-	11,048,344	7,046,106	1,320,767	32,597,930
Carrying amount									
At 31 December 2022	2,028,111	3,481,570	2,060,080	9,552,120	373,814	-	(136,477)	125,337	17,484,555
At 31 December 2021	2,233,617	1,121,856	469,513	6,852,591	3,173,814	490,931	424,963	199,899	14,967,184

GWENT HOLDINGS LIMITED

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

Company	Plant and Motor vehicles machinery / Fixtures and fittings		Total
	£	£	
Cost			
At 1 January 2022	2,817,476	1,316,160	4,133,636
Additions	1,172,000	405,000	1,577,000
Disposals	-	(1,721,160)	(1,721,160)
At 31 December 2022	<u>3,989,476</u>	<u>-</u>	<u>3,989,476</u>
Depreciation and impairment			
At 1 January 2022	563,454	903,981	1,467,435
Depreciation charged in the year	677,678	275,702	953,380
Eliminated in respect of disposals	-	(1,179,683)	(1,179,683)
At 31 December 2022	<u>1,241,132</u>	<u>-</u>	<u>1,241,132</u>
Carrying amount			
At 31 December 2022	<u>2,748,344</u>	<u>-</u>	<u>2,748,344</u>
At 31 December 2021	<u>2,254,022</u>	<u>412,179</u>	<u>2,666,201</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Plant and machinery / Fixtures and fittings	-	87,461	-	-

14 Investment property

	Group 2022	Company 2022
	£	£
Fair value		
At 1 January 2022	9,918,961	9,918,961
Additions through external acquisition	1,970,059	1,970,059
Disposals	(42,973)	(42,973)
At 31 December 2022	<u>11,846,047</u>	<u>11,846,047</u>

Investment property comprises of freehold property held for capital appreciation. The fair value of the investment property has been arrived at on the basis of a valuation carried out at independent third parties, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

GWENT HOLDINGS LIMITED

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

14 Investment property **(Continued)**

The carrying value of land and buildings comprises:

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Freehold	11,889,020	9,918,961	11,889,020	9,918,961
	<u>11,889,020</u>	<u>9,918,961</u>	<u>11,889,020</u>	<u>9,918,961</u>

15 Fixed asset investments

	Group 2022	2021	Company 2022	2021
Notes	£	£	£	£
Investments in subsidiaries	16	-	2,300,101	2,300,101
Investments in prestige vehicles		6,526,195	8,910,923	6,526,195
		<u>6,526,195</u>	<u>11,211,024</u>	<u>8,826,296</u>

Movements in fixed asset investments

Group	Investments in prestige vehicles
	£
Cost or valuation	
At 1 January 2022	6,526,195
Additions	4,707,964
Disposals	(2,323,236)
At 31 December 2022	<u>8,910,923</u>
Carrying amount	
At 31 December 2022	<u>8,910,923</u>
At 31 December 2021	<u>6,526,195</u>

GWENT HOLDINGS LIMITED

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

15 Fixed asset investments (Continued)

Movements in fixed asset investments Company	Shares in group	Investments in undertakingsprestige vehicles	Total
	£	£	£
Cost or valuation			
At 1 January 2022	2,300,101	6,526,195	8,826,296
Additions	-	4,707,964	4,707,964
Disposals	-	(2,323,236)	(2,323,236)
At 31 December 2022	<u>2,300,101</u>	<u>8,910,923</u>	<u>11,211,024</u>
Carrying amount			
At 31 December 2022	<u>2,300,101</u>	<u>8,910,923</u>	<u>11,211,024</u>
At 31 December 2021	<u>2,300,101</u>	<u>6,526,195</u>	<u>8,826,296</u>

16 Subsidiaries

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

Name of undertaking	Class of shares held	% Held	
		Direct	Indirect
Gwent Investments Limited	Ordinary	100.00	-
Merthyr (Holdings) Limited	Ordinary	0	100.00
Merthyr (South Wales) Limited	Ordinary	0	100.00
Merthyr (Ffos-y-Fran) Limited	Ordinary	0	100.00
Ffos-y-fran (Commoners) Limited	Ordinary	0	100.00
Merthyr (Nominee No. 1) Limited	Ordinary	0	100.00
Ffos-y-Fran Limited partnership	Ordinary	0	100.00
St Joseph's Independent Hospital Limited	Ordinary	37.50	-
PMG Gwern Y Domen Limited	Ordinary	100.00	-

GWENT HOLDINGS LIMITED**NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022****16 Subsidiaries****(Continued)**

The registered office address for Gwent Investments Limited is Llanover House, Llanover Road, Pontypridd, Rhonda Cynon Taff, CF37 4DY.

The registered office address for Merthy: (South Wales) Limited and PMG Gwern Y Domen Limited is Bradbury House, Mission Court, Newport, Gwent, NP20 2DW.

The registered office address for Ffos-y-Fran Limited partnership is 4 Stable Street, London, N1C 4AB.

The registered office address for St Joseph's Independent Hospital Limited is Harding Avenue, Malpas, Newport, NP20 6ZE.

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

St Joseph's Independent Hospital Limited is regarded as a subsidiary because of the control the company has by virtue of the terms of the shareholder agreement.

17 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Coal stocks	2,224,001	1,883,070	-	-
Other stocks	762,475	652,595	-	-
	<u>2,986,476</u>	<u>2,535,665</u>	<u>-</u>	<u>-</u>

18 Financial instruments

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Carrying amount of financial assets				
Instruments measured at fair value through profit or loss	<u>8,910,923</u>	<u>6,526,195</u>	<u>8,910,923</u>	<u>6,526,195</u>

GWENT HOLDINGS LIMITED

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

19 Debtors

	Group 2022	2021	Company 2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	13,167,768	10,774,081	-	-
Unpaid share capital	402	402	-	-
Corporation tax recoverable	584,940	240,551	-	-
Amounts owed by group undertakings	-	-	18,396,858	18,285,013
Other debtors	8,727,480	4,910,917	8,562,373	4,745,810
Prepayments and accrued income	701,298	527,317	56,830	-
	<u>23,181,888</u>	<u>16,453,268</u>	<u>27,016,061</u>	<u>23,030,823</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	705,870	1,291,570
Other debtors	15,086,689	14,413,012	-	-
	<u>15,086,689</u>	<u>14,413,012</u>	<u>705,870</u>	<u>1,291,570</u>
Deferred tax asset (note 23)	1,249,272	1,249,272	115,709	115,709
	<u>16,335,961</u>	<u>15,662,284</u>	<u>821,579</u>	<u>1,407,279</u>
Total debtors	<u>39,517,849</u>	<u>32,115,552</u>	<u>27,837,640</u>	<u>24,438,102</u>

Other debtors falling due after more than one year includes cash funds held by LPAs of £15,086,689 (2021: £14,413,012).

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

20 Creditors: amounts falling due within one year

		Group 2022	2021	Company 2022	2021
	Notes	£	£	£	£
Obligations under finance leases	22	20,392	100,438	-	-
Trade creditors		4,046,592	2,334,259	451,513	75,737
Amounts owed to group undertakings		-	-	70,342,254	38,856,673
Corporation tax payable		17,809,565	8,489,398	5,924,748	2,385,719
Other taxation and social security		1,582,120	6,618,556	836,524	665,697
Other creditors		4,616,418	3,098,781	1,406,911	1,411,068
Accruals and deferred income		1,270,478	1,534,392	-	-
		<u>29,345,565</u>	<u>22,175,824</u>	<u>78,961,950</u>	<u>43,394,894</u>

GWENT HOLDINGS LIMITED

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

21 Creditors: amounts falling due after more than one year

		Group 2022	2021	Company 2022	2021
	Notes	£	£	£	£
Obligations under finance leases	22	-	22,040	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

22 Finance lease obligations

		Group 2022	2021	Company 2022	2021
		£	£	£	£
Future minimum lease payments due under finance leases:					
Within one year		20,392	100,438	-	-
In two to five years		-	22,040	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
		<u>20,392</u>	<u>122,478</u>	<u> </u>	<u> </u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022	Liabilities 2021	Assets 2022	Assets 2021
Group	£	£	£	£
Accelerated capital allowances	1,342,862	913,742	1,249,272	1,249,272
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Company	£	£	£	£
Accelerated capital allowances	-	-	115,709	115,709
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
			Group 2022	Company 2022
			£	£
Movements in the year:				
Asset at 1 January 2022			(335,530)	(115,709)
Charge to profit or loss			429,120	-
			<u> </u>	<u> </u>
Liability/(Asset) at 31 December 2022			<u>93,590</u>	<u>(115,709)</u>

GWENT HOLDINGS LIMITED

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

23 Deferred taxation **(Continued)**

The deferred tax set out above relates to accelerated capital allowances and this is expected to reverse over the useful lives of the related assets.

24 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	682,456	493,080
	<u>682,456</u>	<u>493,080</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Provisions for liabilities

		Group		Company	
	Notes	2022	2021	2022	2021
		£	£	£	£
Operating provisions		75,948,885	71,446,834	-	-
Deferred tax liabilities	23	1,342,862	913,742	-	-
		<u>77,291,747</u>	<u>72,360,576</u>	<u>-</u>	<u>-</u>

Movements on provisions apart from deferred tax liabilities:

	Operating provisions
Group	£
At 1 January 2022	71,446,834
Additional provisions in the year	2,954,051
Unwinding of discount	1,548,000
At 31 December 2022	<u>75,948,885</u>

The provision relates to the costs of returning land disturbed during mining activities including aftercare costs. Restorations will commence while mining operations are ongoing and the provision is expected to be largely utilised over the next 8 years.

As discussed in note 8 the provision was reassessed in 2022 and 2021 and increased by £3.0m and £5.8m respectively.

GWENT HOLDINGS LIMITED

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

26 Share capital

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

27 Financial commitments, guarantees and contingent liabilities

The Group has entered a lease with The Geraint Morgan Legacy Limited (the land owner); under the terms of the lease, the Group has given an unlimited guarantee and indemnity against all damage; loss; costs claims; and expenses whatsoever resulting from the Mining Operations or restoration and aftercare of the Mining Land.

28 Operating lease commitments

Lessee

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Within one year	12,350	18,303	-	-
Between two and five years	5,138	11,514	-	-
In over five years	-	4,094	-	-
	<u>17,488</u>	<u>33,911</u>	<u>-</u>	<u>-</u>

29 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Acquisition of tangible fixed assets	556,098	2,608,818	-	-
	<u>556,098</u>	<u>2,608,818</u>	<u>-</u>	<u>-</u>

30 Events after the reporting date

As noted in the Strategic Report, its wholly owned subsidiary, Merthyr (South Wales) Limited, ceased coaling on 30 November 2023 and made the majority of its workforce redundant; the costs of the redundancies was approximately £1.5m. The directors are currently assessing other costs of closure which includes the company's obligations for restoration (refer to Note 2).

The group is aware that these operational costs are likely to be significant and material, not least due to the heavy equipment required to carry out the restoration being owned by a third party, the lead times and vast cost of replacing this 15 year old specialist equipment would be insurmountable.

GWENT HOLDINGS LIMITED

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

31 Controlling party

The ultimate controlling party of the company and the group is Mrs J H Lewis by virtue of their shareholding.

GWENT HOLDINGS LIMITED

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

32 Related party transactions

Transactions with related parties

The group has taken advantage of the exemption, under the terms of FRS 102, section 33.1A, not to disclose related party transactions with wholly owned subsidiaries within the group.

During the year the group paid royalties of £9,318,588 (2021: £4,778,251) and electricity recharges of £170,380 (2021: £nil) to Geraint Morgan Legacy Ltd, of which Mr D Lewis is a director and shareholder. At the year end an amount of £2,639,611 (2021: £1,345,137) was due to Geraint Morgan Legacy Ltd and this amount was included within creditors due within one year.

33 Cash generated from group operations

	2022	2021
	£	£
Profit for the year after tax	30,247,845	9,344,735
Adjustments for:		
Taxation charged	8,096,802	2,118,793
Finance costs	2,606,204	1,639,075
Investment income	(949,221)	(8,372)
Gain on disposal of tangible fixed assets	(380,226)	(212,238)
Amorisation and impairment of intangible assets	120,881	120,882
Depreciation and impairment of tangible fixed assets	2,939,247	6,106,355
Other gains and losses	378,236	1,269,600
Increase in provisions	2,954,051	5,769,592
Deferred stripping	2,800,000	3,616,732
Movements in working capital:		
Increase in stocks	(450,811)	(1,093,279)
(Increase)/decrease in debtors	(7,057,908)	(8,883,277)
Decrease in creditors	(2,070,380)	(1,952,788)
Cash generated from operations	39,234,720	17,835,810

34 Analysis of changes in net funds - group

	1 January 2022	Cash flows	31 December 2022
	£	£	£
Cash at bank and in hand	76,193,086	18,945,500	95,138,586
Obligations under finance leases	(7,924,241)	7,903,849	(20,392)
	68,268,845	26,849,349	95,118,194

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.