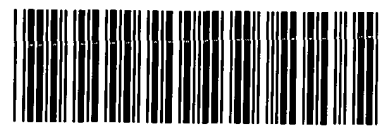


Bisichi

Bisichi PLC Annual report 2019

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Strategic report

The Directors present the Strategic Report of the company for the year ending 31 December 2019. The aim of the Strategic Report is to provide shareholders with the ability to assess how the Directors have performed their duty to promote the success of the company for the collective benefit of shareholders.

Earnings before interest, tax, depreciation and amortisation (EBITDA) of

£5.9million

(2018: £8.6 million)

Operating profit before depreciation, fair value adjustments and exchange movements (Adjusted EBITDA) of

£7.4million

(2018: £9.1 million)

Strategic Report

Chairman's Statement

For the year ended 31 December 2019, I am pleased to report that your company achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of £5.9million (2018: £8.6 million) and operating profit before depreciation, fair value adjustments and exchange movements (Adjusted EBITDA) of £7.4million (2018: £9.1million).

These results can be attributed mainly to the strong performance from our South African mining and processing operations. Consistent production from Black Wattle Colliery, our South African coal mining operation, and strong demand for our coal, particularly in the domestic market, impacted positively on the overall results for the Group during the year. Further details on the Group's performance during the financial year can be found within the Mining Review and Financial & Performance Review sections of this report.

More importantly and at present, your management have been fully engaged in managing the impact of the Covid-19 pandemic on its operations both here in the UK and in South Africa. Our priorities are the health and safety of all our employees and stakeholders and ensuring the continuity of our business during this challenging time.

To date, in order to help safeguard our people from the spread of Covid-19, the Group has implemented various health and safety measures, which are aligned with measures announced by both the UK and South African governments. Further details on the health and safety measures we have implemented can be found in our Mining Review and Sustainability Report.

In terms of business continuity, the Group's South African coal mining and processing operations have been designated as essential business operations, which has allowed the Group's operations to continue during lockdown periods, although with a reduced or socially distanced workforce to help safeguard the health and safety of our employees.

In terms of our markets, we have seen the significant downturn in economic activity related to the Covid-19 pandemic have an impact on overall demand for coal in the international market. However demand for our particular coal in the domestic market has to date remained more stable. Looking forward, the duration and extent of the impact of the Covid-19 pandemic on our South African operations, particularly in terms of our coal markets, remains uncertain and the board will provide further updates on our operations as appropriate.

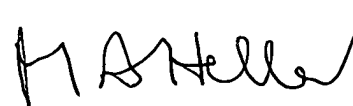
In the UK, we have seen the Covid-19 pandemic have a significant impact on rental revenue collections from the group's UK retail property portfolio. Although the final impact of the pandemic on the portfolio remains uncertain, we expect much of the portfolio to recover once tenants are allowed to fully resume operating. A fuller explanation of the Group's property performance during the year and the Group's future prospects are discussed in the Financial & Performance Review and Directors report.

Finally, during these times your management are doing their utmost to ensure the Group's present key priorities are attended to, being the health and safety of its employees and stakeholders, ensuring our operations can continue in an efficient manner and conserving cash and maintaining balance sheet flexibility. Therefore, until such time as the impact of Covid-19 can be fully assessed, and in line with the wider market, the Board has decided that it will not be proposing a final dividend for the financial year ending 31 December 2019 at this time and will review the dividend position when there is greater visibility of the impact of COVID-19.

On behalf of the Board and shareholders, I would like to thank all of our staff for their hard work during this difficult period.

Sir Michael Heller
Chairman

5 June 2020



Strategic Report

Principal activity, strategy & business model

The company carries on business as a mining company and its principal activity is coal mining in South Africa. The company's strategy is to create and deliver long term sustainable value to all our stakeholders through our business model which can be broken down into three key areas:

1

Acquisition & investment

The group actively seeks new opportunities to extend the life of mine of its existing mining operations or develop new independent mining operations in South Africa. The group aims to achieve this through new commercial arrangements and the acquisition of additional coal reserves nearby to or independent from our existing mining operations.

In addition, we seek to balance the high risk of our mining operations with a dependable cash flow from our UK property investment operations. The company primarily invests in retail property across the UK as well as residential property development. The UK Retail property portfolio is managed by London & Associated Properties PLC whose responsibility is to actively manage the portfolio to improve rental income and thus enhance the value of the portfolio over time.

2

Production & sustainability

The group strives to mine its coal reserves in an economical and sustainable manner that delivers long term value to all our stakeholders.

3

Processing & marketing

The group seeks to achieve additional value from its mining investments through the washing, transportation and marketing of coal into both the domestic and export markets.

Mining Review

As noted in the Chairman's statement, your management are pleased to report another strong performance from the Group's mining operations in South Africa. However, at present, our focus has turned to managing the impact of the Covid-19 pandemic. In South Africa, our priorities and efforts have been focussed on the health and safety of all our employees and stakeholders and ensuring the efficient continuity of our business.

Covid-19 update

During this difficult period, the Group has consulted with the government authorities and its stakeholders in South Africa to determine and agree the appropriate measures to be taken across its South African mining and processing operations. Such measures have been focussed on the health and safety of our employees, assisting in the continuing provision of coal as an essential raw material, the security and integrity of the assets, and the ability to maintain operations at levels of activity that is aligned with government interests and the country's broader economic interests.

The Group continues to monitor and adhere to all of the South African government's Covid-19 related guidelines and regulations including all updates and advice from the National Department of Health, the Department of Minerals Resources and Energy and the Office of the President.

These measures include:

- Regular communications with employees on all guidelines, government restrictions and best practice hygiene and health recommendations;
- Conducting various issue-based hazard identification and risk assessments;
- Temperature screening of those entering certain of our offices and sites;

- Working from home (in both the UK and South Africa), where possible or required;
- Social distancing measures at operating sites;
- Restrictions on non-essential visits to operating sites; and
- Intensified cleaning and hygiene at offices and sites;

In particular the Group has endeavoured to follow the guidelines of the 10-point plan developed by the Department of Minerals Resources and Energy in line with the guidelines of the Department of Health and the National Institute of Communicable Diseases (NICD) as follows:

- Educate employees on the virus, symptoms and prevention.
- Follow guidelines from the NICD, educate health workers on how to manage Covid-19. Consider alternate arrangements for supply of chronic medication to reduce crowds.
- Ensure that all health workers have access to protective clothing, gloves, masks, cleaning materials and pharmaceutical agents.
- Vaccinate employees for seasonal influenza.
- All employees are encouraged to know their status, get onto ARVs if positive for HIV.

- Manage suspected cases or contacts of cases using guidelines from the NICD.
- Liaise with the NICD on procedure to be followed for suspected and confirmed cases.
- Only essential travel to areas with Covid-19 should be undertaken.
- All suspected and confirmed cases in the mining industry should be reported to the NICD.
- Monitor and stay aware of the latest information on the Covid-19 pandemic.

The health and safety of our employees and stakeholders continues to remain our key priority. We recognise the uncertainty caused by the pandemic and to date we have endeavoured to support our workforce and local communities where we can.

As mentioned in the Chairman's statement, the Group's South African coal mining and processing operations have been designated as essential business operations as they fall within the supply chains of other essential businesses as defined by the South African government. Since late March 2020, the Group's South African operations, have continued, although with a reduced or socially distanced workforce to safeguard the health and safety of our employees.

Strategic Report Mining Review

Production and operations

For the first half of 2019, the mine achieved mining production of 655,000 metric tonnes, a similar level to the total production of 670,000 metric tonnes achieved in the first half of 2018. During the second half of the year, production remained fairly consistent with the exception of some temporary seasonal water issues at our opencast area which had a limited impact on production in the last quarter of the year. Overall the mine achieved production of 616,000 metric tonnes (2018 H2: 649,000 metric tonnes) during the second half of the year.

Overall mining production from Black Wattle decreased slightly in 2019, with total mining production for the year of 1.27million metric tonnes (2018: 1.32million metric tonnes). In 2019 mining continued into a new opencast area at Black Wattle contiguous to the area that was mined in 2018. This new area will be mined throughout 2020.

Looking forward, although the Group's overall mining production in 2020 may be impacted by the health and safety workforce measures outlined above, the Group will look at mitigating any continued impact through production efficiencies and the supplementation of our own production with buy-in coal for our coal processing operations.

Working closely with our BEE partner in South Africa, the Group continues to seek further opportunities to extend the life of mine of its existing mining operations or to develop new independent mining operations in South Africa. In addition, the group continues to seek opportunities to buy in coal from similar reserves within the area in order to achieve additional value from our coal washing operations in South Africa separate from the group's existing mining operations. As mentioned in last year's report, in order to maximise these opportunities, in January 2019, Black Wattle transferred its washing plant operations into a wholly owned subsidiary called Sisonke Coal Processing which will operate as a stand-alone commercial entity. In addition, during the year the group successfully completed the addition of a new high-pressure filter press segment which will improve the management and quality of coal fines produced from our washing plant. We look forward to the positive impact these improvements to the washing plant and structural changes will have on the returns achievable from our South African operations.

Main trends/markets

During 2019 management continued to sell coal into both the export and domestic market through its newly formed coal processing entity Sisonke Coal Processing (Pty) Ltd. Black Wattle's export sales were via Richards Bay Coal Terminal and primarily under the Quattro programme, which allows junior black-economic empowerment coal producers direct access to the coal export market via Richards Bay Coal Terminal. We would like to thank Vunani Limited, our black economic empowered shareholders at Black Wattle, for managing and developing this opportunity.

Global economic factors impacted international coal demand in 2019 with the average weekly API4 price averaging \$71 compared to \$98 in 2018. The lower overall coal prices compared to the prior period, along with a year on year stable Rand to the Dollar attributed to the group achieving an overall decrease in the average Rand price of R679 per tonne of export coal sold from the mine in 2019 compared to R879 in 2018.

In the domestic market, a continued high demand impacted positively on prices achievable for our coal in 2019. Overall, the group achieved an average price of R615 per tonne of domestic coal sold in 2019 compared to R500 in 2018.

Overall, the Group achieved an average Rand price per tonne of coal sold of R624 compared to R545 in 2018. However, due to lower overall production and a decrease in the average exchange rate of the Rand compared to UK Sterling, overall Sterling Group revenue decreased during the year.

Looking forward into 2020, to date, we have seen the global coal market being impacted by economic factors related to the Covid-19 pandemic. However, the extent of the overall impact of Covid-19 on our direct markets and the prices achievable for our coal continues to remain uncertain and we will continue to provide updates to shareholders as appropriate.

Strategic Report Mining Review

Sustainable development

Black Wattle continues to strive to conduct business in a safe, environmentally and socially responsible manner. Some highlights of our Health, Safety and Environment performance in 2019:

- Black Wattle Colliery recorded one Lost Time Injury during 2019 (2018: One).
- No cases of Occupational Diseases were recorded.
- Zero claims for the Compensation for Occupational Diseases were submitted.

In South Africa, the new government regulated Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (New Mining Charter) came into force from March 2019. The New Mining Charter is a regulatory instrument that facilitates sustainable transformation, growth and development of the mining industry. The group is committed to fully complying with the New Mining Charter and providing adequate resources to this area in order to ensure opportunities are expanded for historically disadvantaged South Africans (HDSAs) to enter the mining and minerals industry. In addition, we continue to adhere and make progress in terms of our Social and Labour Plan and our various BEE initiatives. A fuller explanation of these can be found in our Sustainable Development Report on page 7.

Prospects

Looking forward into 2020, management will continue to focus on prioritising the health and safety of our employees and we remain committed to working with all our stakeholders in helping overcome the unprecedented challenges presented by the Covid-19 pandemic. We would like to thank all our employees and stakeholders for their support during this difficult time.

Andrew Heller
Managing Director
5 June 2020



Strategic Report

Sustainable development

The group is fully committed to ensuring the sustainability of both our UK and South African mining operations and delivering long term value to all our stakeholders.

Social, community and human rights issues

The group believes that it is in the shareholders' interests to consider social and human rights issues when conducting business activities both in the UK and South Africa. Various policies and initiatives implemented by the group that fall within these areas are discussed within this report.

Health, Safety & Environment (HSE)

Black Wattle is committed to creating a safe and healthy working environment for its employees and the health and safety of our employees is of the utmost importance.

HSE performance in 2019:

- No cases of Occupational Diseases were recorded.
- Zero claims for the Compensation for Occupational Diseases were submitted.
- No machines operating at Black Wattle exceeded the regulatory noise level.
- Black Wattle Colliery recorded one Lost time Injury during 2019.

In addition to the required personnel appointments and assignment of direct health and safety responsibilities on the mine, a system of Hazard Identification and Risk Assessments has been designed, implemented and maintained at Black Wattle.

Health and Safety training is conducted on an on going basis. We are pleased to report all relevant employees to date have received training in hazard identification and risk assessment in their work areas.

A medical surveillance system is also in place which provides management with information used in determining measures to eliminate, control and minimise employee health risks and hazards and all Occupational Health hazards are monitored on an on going basis.

Various systems to enhance the current HSE strategy have been introduced as follows:

- In order to improve hazard identification before the commencing of tasks, mini risk assessment booklets have been distributed to all mine employees and long term contractors on the mine.
- Dover testing is conducted for all operators. Dover testing is a risk detection and accident reduction tool which identifies employees' problematic areas in their fundamental skills in order to receive appropriate training.
- On going basic rigging training is being conducted for all washing plant personnel.
- A Job Safety Analysis form is utilised to ensure effective identification of hazards in the workplace.
- In order to capture and record investigation findings from incidents, an incident recording sheet is utilised by line management and contractors.
- Black Wattle Colliery utilises ICAM (Incident Cause Analysis Method).
- On going training on conveyor belt operation is being conducted with all employees involved with this discipline.

Strategic Report Sustainable development

Black Wattle Colliery Social and Labour Plan (SLP) and Community Projects

Black Wattle Colliery is committed to true transformation and empowerment as well as poverty eradication within the surrounding and labour providing communities.

Black Wattle is committed to providing opportunities for the sustainable socio-economic development of its stakeholders, such as:

- Employees and their families, through Skills Development, Education Development, Human Resource Development, Empowerment and Progression Programmes.
- Surrounding and labour sending communities, through Local Economic Development, Rural and Community Development, Enterprise Development and Procurement Programmes.
- Empowering partners, through Broad-Based Black Economic Empowerment (BBBEE) and Joint Ventures with Historically Disadvantaged South African (HDSA) new mining entrants and enterprises.
- The company engages in on going consultation with its stakeholders to develop strong company-employee relationships, strong company-community relationships and strong company-HDSA enterprise relationships.

The key focus areas in terms of the detailed SLP programmes were updated as follows:

- Implementation of new action plans, projects, targets and budgets were established through regular workshops with all stakeholders.
- A comprehensive desktop socio-economic assessment was undertaken on baseline data of the Steve Tshwete Local Municipality (STLM) and Nkangala District Municipality (NDM).
- Black Wattle continues to work with its current SLP Plan (2017 – 2021).
- The current Black Wattle Colliery Local Economic Development (LED) programmes were upgraded, and new LED projects were selected in consultation with the key stakeholders from the STLM:
- An appropriate forum was established on the mine and a process initiated for the consultation, empowerment and participation of the employee representatives in the Black Wattle Colliery SLP process.
- Included within the new SLP Plan is a new LED project which includes the upgrading of Phumelele Secondary School in the Rockdale Township. The primary focus is to build additional facilities, including classrooms to cater for the growing population in the area.
- Various upgrades were initiated at the Evergreen School nearby to Black Wattle including the erection of new toilet facilities for the boys and girls, which formed part of the mines portable skills development programme for our employees.

Black Wattle has implemented various community initiatives including:

- A community training environmental project, where local community members are trained to safely cut and remove non-indigenous vegetation.
- Certain community members have been identified for training in areas regarding mining and beneficiation. These areas include but are not limited to conveyor maintenance and operation of mining machinery. 22 community members were identified and trained on how to operate an Articulated Dump Truck [ADT] and a further 23 were trained in environmental waste management.
- Two new local community students were enrolled at university for the 2019 academic year whilst 2 HDSA females completed their University studies in the 2019 academic year.

Environment & Environment Management Programme

South Africa

Under the terms of the mine's Environmental Management Programme approved by the Department of Mineral Resource ("DMR"), Black Wattle undertakes a host of environmental protection activities to ensure that the approved Environmental Management Plan is fully implemented. In addition to these routine activities, Black Wattle regularly carries out environmental monitoring activities on and around the mine, including evaluation of ground water quality, air quality, noise and lighting levels, ground vibrations, air blast monitoring, and assessment of visual impacts. In addition to this Black Wattle also performs quarterly monitoring of all boreholes around the mine to ensure that no contaminated water filters through to the surrounding communities.

Strategic Report **Sustainable development**

Black Wattle is fully compliant with the regulatory requirements of the Department of Water Affairs and Forestry and has an approved water use licence.

Black Wattle Colliery has substantially improved its water management by erecting and upgrading all its pollution control dams in consultation with the Department of Water Affairs and Forestry.

A performance assessment audit was conducted to verify compliance to our Environmental Management Programme and no significant deviations were found.

United Kingdom

The group's UK activities are principally retail property investment as well as residential property development whereby we provide or develop premises which are rented to retail businesses or sold on to end users. We seek to provide tenants and users in both these areas with good quality premises from which they can operate or reside in an environmentally sound manner.

Procurement

Black Wattle is a level 5 contributor to BBBEE and has achieved an 80% BEE procurement recognition level. In compliance with the Mining Charter and the Mineral and Petroleum Resource Development Act, Black Wattle has implemented a BBBEE-focussed procurement policy which strongly encourages our suppliers to establish and maintain BBBEE credentials. At present, BBBEE companies provide approximately 90 percent of Black Wattle's equipment and services.

Mining Charter

In South Africa, the new government regulated Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (New Mining Charter) came into force from March 2019. The New Mining Charter is a regulatory instrument that facilitates sustainable transformation, growth and development of the mining industry. The group's mining operation is expected to reach various levels of compliance to the New Mining Charter over a period of five years from March 2019. The group is committed to providing adequate resources to this area in order to ensure full compliance to the New Mining Charter is achieved over the transitional period. As part of Black Wattle's commitment to the New Mining Charter, the company seeks to:

- Expand opportunities for historically disadvantaged South Africans (HDSAs), including women and youth, to enter the mining and minerals industry and benefit from the extraction and processing of the country's resources;
- Utilise the existing skills base for the empowerment of HDSAs; and
- Expand the skills base of HDSAs in order to serve the community.

Employment

Black Wattle is committed to achieving the goals of the South African Employment Equity Act and is pleased to report the following:

- Black Wattle Colliery has exceeded the 10 percent women in management and core mining target.
- Black Wattle Colliery has achieved 12 percent women in core mining.
- 94 percent of the women at Black Wattle Colliery are HDSA females.

Black Wattle Colliery has successfully submitted their annual Employment Equity Report to the Department of Labour.

In terms of staff training some highlights for 2019 were:

- 17 employees were trained in ABET (Adult Basic Educational Training) on various levels;
- An additional 10 disabled HDSA women continued their training on ABET levels one to four.
- 3 HDSA Females and 3 HDSA Males are progressing in their respective apprenticeships at the mine.

We are pleased to confirm that 3 HDSA females and 1 HDSA male completed their apprenticeships whilst the remainder 2 HDSA males have continued their learning in 2020.

Employment terms and conditions for our employees based at our UK office and at our South African mining operations are regulated by and are operated in compliance with all relevant prevailing national and local legislation. Employment terms and conditions provided to mining staff meet or exceed the national average. The group's mining operations and coal washing plant facility are labour intensive and unionised. During the year no labour disputes, strikes or wage negotiations disrupted production or had a significant impact on earnings. The group's relations to date with labour representatives and labour related unions continue to remain strong.

In terms of directors, employees and gender representation, at the year end the group had 8 directors (7 male, 1 female), 7 senior managers (6 male, 1 female) and 219 employees (150 male, 69 female).

Strategic Report Sustainable development

Anti-slavery and human trafficking

The group is committed to the prevention of the use of forced labour and has a zero tolerance policy for human trafficking and slavery. The group's policies and initiatives in this area can be found within the group's Anti-slavery and human trafficking statement found on the group's website at www.bisichi.co.uk.

Green House Gas reporting

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations.

The group has used the main requirements of the ISO standard 14064-1 to calculate the Scope 1 (Direct Emissions) and Scope 2 (Indirect Emissions) from coal extraction and onsite mining processes for Black Wattle Colliery. We have not measured and reported on our Scope 3 emissions sources. Excluded from the footprint boundary are emission sources considered non material by the group, including refrigerant use onsite.

The following sources of the carbon emissions factors was used:

- UK Government GHG Conversion Factors for Company Reporting, 2018.
- IEA data from IEA CO₂ emissions from fuel combustion 2017.
- Methodology adapted from the Intergovernmental Panel on Climate Change (2006 with 2019 edits).

	2019 CO ₂ e Tonnes	2018 CO ₂ e Tonnes
The group's carbon footprint:		
Emissions source:		
Scope 1 Combustion of fuel & operation of facilities	22,626	21,348
Scope 1 Emissions from coal mining activities (see note below)	26,435	27,428
Scope 2 Electricity, heat, steam and cooling purchased for own use	13,153	12,177
Total	62,213	60,953
Intensity:		
Intensity 1 Tonnes of CO ₂ per pound sterling of revenue	0.0013	0.0012
Intensity 2 Tonnes of CO ₂ per tonne of coal produced	0.0486	0.0462

Principal risks & uncertainties

PRINCIPAL RISK

PERFORMANCE AND MANAGEMENT OF THE RISK

COVID-19 RISK

The Group is proactively assessing and managing the potential risks brought about by the uncertainty of the Covid-19 pandemic. Overall the Group is exposed to impacts on the health and safety of its employees and stakeholders and risks related to business continuity. In the UK, the Group expects there to be an impact on retail property revenue and values as outlined under property valuation risk below. In South Africa, the Group is expected to be impacted by additional health and safety measures related to its workforce and coal price risk as outlined under the same heading below.

Risks faced by the business are assessed by the Board on an ongoing basis.

Strategies for mitigating the risks have been defined and specific measures for achieving these are already underway. These include the measures outlined in the Chairman's Statement, Mining Review and Financial Review & Performance sections of this report.

The final impact of the Covid-19 pandemic remains uncertain and the Group will adapt plans accordingly as more information becomes available or government advice changes.

COAL PRICE RISK

The group is exposed to coal price risk as its future revenues will be derived based on contracts or agreements with physical off-take partners at prices that will be determined by reference to market prices of coal at delivery date.

The group's South African mining operational earnings are significantly dependent on movements in both the export and domestic coal price.

The price of export sales is derived from a US Dollar-denominated export coal price and therefore the price achievable in South African Rands can be influenced by movements in exchange rates and overall global demand and supply.

The domestic market coal prices are denominated in South African Rand and are primarily dependant on local demand and supply.

In the short term, the Covid-19 pandemic may result in additional price volatility in both the export and domestic market due to fluctuations in both demand and supply.

Longer term both the demand and supply of coal in the domestic and global market may be negatively impacted by regulatory changes related to climate change and governmental CO₂ emission commitments.

The group primarily focuses on managing its underlying production costs to mitigate coal price volatility as well as from time to time entering into forward sales contracts with the goal of preserving future revenue streams. The group has not entered into any such contracts in 2018 and 2019.

The group's export and domestic sales are determined based on the ability to deliver the quality of coal required by each market and Quattro programme quotas, together with the market factors set out opposite. Volumes of export sales achieved during the year were primarily dependent on the mine's ability to produce the higher quality of coal required for export as well as allowable quotas under the Quattro programme and overall global demand. The volume of domestic market sales achieved during the year were primarily dependant on local demand and supply as well as the mine's ability to produce the lower overall quality of coal required.

The group assesses on an ongoing basis the impact of Covid-19 and any regulatory changes related to climate change and governmental CO₂ emission commitments may have on the group's mining operations and future investment decisions.

Strategic Report **Principal risks & uncertainties**

PRINCIPAL RISK

PERFORMANCE AND MANAGEMENT OF THE RISK

MINING RISK

As with many mining operations, the reserve that is mined has the risk of not having the qualities and accessibility expected from geological and environmental analysis. This can have a negative impact on revenue and earnings as the quality and quantity of coal mined and sold by our mining operations may be lower than expected.

This risk is managed by engaging independent geological experts, referred to in the industry as the "Competent Person", to determine the estimated reserves and their technical and commercial feasibility for extraction. In addition, management engage Competent Persons to assist management in the production of detailed life of mine plans as well as in the monitoring of actual mining results versus expected performance and management's response to variances. The group continued to engage an independent Competent Person in the current year. Refer to page 4 for details of mining performance.

CURRENCY RISK

The group's operations are sensitive to currency movements, especially those between the South African Rand, US Dollar and British Pound. These movements can have a negative impact on the group's mining operations revenue as noted above, as well as operational earnings.

The group is exposed to currency risk in regard to the Sterling value of inter-company trading balances with its South African operations. It arises as a result of the retranslation of Rand denominated inter-company trade receivable balances into Sterling that are held within the UK and which are payable by South African Rand functional currency subsidiaries.

The group is exposed to currency risk in regard to the retranslation of the group's South African functional currency net assets to the Sterling reporting functional currency of the group. A weakening of the South African Rand against Sterling can have a negative impact on the financial position and net asset values reported by the group.

Export sales within the group's South African operations are derived from a US Dollar-denominated export coal price. A weakening of the US Dollar can have a negative impact on the South African Rand prices achievable for coal sold by the group's South African mining operations. This in turn can have a negative impact on the group's mining operations revenue as well as operational earnings as the group's mining operating costs are Rand denominated. In order to mitigate this, the group may enter into forward sales contracts in local currencies with the goal of preserving future revenue streams. The group has not entered into any such contracts in 2019 and 2018.

Although it is not the group's policy to obtain forward contracts to mitigate foreign exchange risk on inter-company trading balances or on the retranslation of the group's South African functional currency net assets, management regularly review the requirement to do so in light of any increased risk of future volatility.

Refer to the 'Financial Review' for details of significant currency movement impacts in the year.

Strategic Report **Principal risks & uncertainties**

PRINCIPAL RISK

PERFORMANCE AND MANAGEMENT OF THE RISK

NEW RESERVES AND MINING PERMISSIONS

The life of the mine, acquisition of additional reserves, permissions to mine (including ongoing and once-off permissions) and new mining opportunities in South Africa generally are contingent on a number of factors outside of the group's control such as approval by the Department of Mineral Resources, the Department of Water Affairs and Forestry and other regulatory or state owned entities.

In addition, the group's South African operations are subject to the government Mining Charter with the New Mining Charter coming into force from March 2019. Failure to meet existing targets or further regulatory changes to the Mining Charter, could adversely affect the mine's ability to retain its mining rights in South Africa.

The work performed in the acquisition and renewal of mining permits as well as the maintenance of compliance with permits includes factors such as environmental management, health and safety, labour laws and Black Empowerment legislation (such as the New Mining Charter); as failure to maintain appropriate controls and compliance may in turn result in the withdrawal of the necessary permissions to mine. The management of these regulatory risks and performance in the year is noted in the Mining Review on page 4 as well as in the Sustainable Development report on page 7 and in this section under the headings environmental risk, health & safety risk and labour risk. Additionally, in order to mitigate this risk, the group strives to provide adequate resources to this area including the employment of adequate personnel and the utilisation of third party consultants competent in regulatory compliance related to mining rights and mining permissions.

The group also continues to actively seek new opportunities to expand its mining operations in South Africa through the acquisition of additional coal reserves and new commercial arrangements with existing mining right holders.

POWER SUPPLY RISK

The current utility provider for power supply in South Africa is the government run Eskom. Eskom continues to undergo capacity problems resulting in power cuts and lack of provision of power supply to new projects. Any power cuts or lack of provision of power supply to the group's mining operations may disrupt mining production and impact on earnings.

The group's mining operations have to date not been affected by power cuts. However the group manages this risk through regular monitoring of Eskom's performance and ongoing ability to meet power requirements. In addition, the group continues to assess the ability to utilise diesel generators as an alternative means of securing power in the event of power outages.

FLOODING RISK

The group's mining operations are susceptible to seasonal flooding which could disrupt mining production and impact on earnings.

Management monitors water levels on an ongoing basis and various projects have been completed, including the construction of additional dams, to minimise the impact of this risk as far as possible.

Strategic Report **Principal risks & uncertainties**

PRINCIPAL RISK	PERFORMANCE AND MANAGEMENT OF THE RISK
ENVIRONMENTAL RISK The group's South African mining operations are required to adhere to local environmental regulations. Any failure to adhere to local environmental regulations, could adversely affect the mine's ability to mine under its mining right in South Africa.	In line with all South African mining companies, the management of this risk is based on compliance with the Environment Management Plan. In order to ensure compliance, the group strives to provide adequate resources to this area including the employment of personnel and the utilisation of third party consultants competent in regulatory compliance related to <i>environmental management</i>. To date, Black Wattle is fully compliant with the regulatory requirements of the Department of Water Affairs and Forestry and has an approved water use licence. Further details of the group's Environment Management Programme are disclosed in the Sustainable development report on page 7.
HEALTH & SAFETY RISK Attached to mining there are inherent health and safety risks. Any such safety incidents disrupt operations, and can slow or even stop production. In addition, the group's South African mining operations are required to adhere to local Health and Safety regulations as well as enhanced health and Safety measures related to Covid-19.	The group has a comprehensive Health and Safety programme in place to mitigate this risk. Management strive to create an environment where Health and safety of our employees is of the utmost importance. Our Health & Safety programme provides clear guidance on the standards our mining operation is expected to achieve. In addition, management receive regular updates on how our mining operations are performing. Further details of the group's Health and Safety Programme are disclosed in the Sustainable Development report on page 7.
LABOUR RISK The group's mining operations and coal washing plant facility are labour intensive and unionised. Any labour disputes, strikes or wage negotiations may disrupt production and impact earnings.	In order to mitigate this risk, the group strives to ensure open and transparent dialogue with employees across all levels. In addition, appropriate channels of communication are provided to all employment unions at Black Wattle to ensure effective and early engagement on employment matters, in particular wage negotiations and disputes. Refer to the 'Employment' section on page 9 for further details.

Strategic Report **Principal risks & uncertainties**

PRINCIPAL RISK

PERFORMANCE AND MANAGEMENT OF THE RISK

CASHFLOW RISK

Commodity price risk, currency volatility and the uncertainties inherent in mining may result in favourable or unfavourable cashflows.

In order to mitigate this, we seek to balance the high risk of our mining operations with a dependable cash flow from our UK property investment operations which are actively managed by London & Associated Properties PLC. Due to the long term nature of the leases, the effect on cash flows from property investment activities are expected to remain stable as long as *tenants remain in operation*. Refer to page 20 for details of the property portfolio performance.

PROPERTY VALUATION RISK

Fluctuations in property values, which are reflected in the Consolidated Income Statement and Balance Sheet, are dependent on an annual valuation of the group's commercial and residential development properties. A fall in UK commercial and residential property can have a marked effect on the profitability and the net asset value of the group as well as impact on covenants and other loan agreement obligations.

The economic performance of the United Kingdom, including the potential impact of the United Kingdom leaving the European Union ("Brexit"), the impact of Covid-19 pandemic, as well as the current economic performance and trends of the UK retail market, may impact the level of rental income, yields and associated property valuations of the group's UK property assets including its investments in Joint Ventures.

The group utilises the services of London & Associated Properties PLC whose responsibility is to actively manage the portfolio to improve rental income and thus enhance the value of the portfolio over time. In addition, management regularly monitor banking covenants and other loan agreement obligations as well as the performance of our property assets in relation to the overall market over time.

Management continue to monitor and evaluate the impact of Brexit, the Covid-19 pandemic and the current economic performance of the UK retail market on the future performance of the Group's existing UK portfolio. In addition, the group assesses on an ongoing basis the impact of Brexit and the current economic performance of the UK retail market on the group's banking covenants, loan obligations and future investment decisions.

Refer to page 20 for details of the property portfolio performance.

Financial & performance review

The movement in the Group's Adjusted EBITDA from £9.1million in 2018 to £7.4million in 2019 can mainly be attributed to the lower coal production and sales from the Group's South African operations and a weakening in the South African Rand to UK Sterling. This offset the higher prices achieved for our coal and stable operating costs achieved in 2019.

EBITDA, adjusted EBITDA and mining production are used as key performance indicators for the group and its mining activities as the group has a strategic focus on the long term development of its existing mining reserves and the acquisition of additional mining reserves in order to realise shareholder value. Mining production can be defined as the coal quantity in metric tonnes extracted from our reserves during the period and held by the mine before any processing through the washing plant. Whilst profit/(loss) before

tax is considered as one of the key overall performance indicators of the group, the profitability of the group and the group's mining activities can be impacted by the volatile and capital intensive nature of the mining sector. Accordingly, EBITDA and adjusted EBITDA are primarily used as key performance indicators as they are indicative of the value associated with the group's mining assets expected to be realised over the long term life of the group's mining reserves. In addition, for the group's property investment

operations, the net property valuation and net property revenue are utilised as key performance indicators as the group's substantial property portfolio reduces the risk profile for shareholders by providing stable cash generative UK assets and access to capital appreciation. Certain key performance indicators below are not Generally Accepted Accounting Practice measures and are not intended as a substitute for those measures, and may or may not be the same as those used by other companies.

Key performance indicators

	2019 £'000	2018 £'000
The key performance indicators for the group are:		
For the group:		
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	7,457	9,088
EBITDA	5,868	8,587
Profit/(loss) before tax	3,027	5,959
For our property investment operations:		
Net property valuation	11,565	13,045
Net property revenue	1,290	1,232
For our mining activities:		
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	6,517	8,206
EBITDA	6,394	8,143
	Tonnes '000	Tonnes '000
Mining production	1,271	1,320

Strategic Report Financial & performance review

The key performance indicators of the group can be reconciled as follows:

	Mining £'000	Property £'000	Other £'000	2019 £'000
Revenue	46,704	1,290	112	48,106
Transport and loading cost	(3,421)	-	-	(3,421)
Mining and washing costs	(30,047)	-	-	(30,047)
Other operating costs excluding depreciation	(6,719)	(458)	(4)	(7,181)
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	6,517	832	108	7,457
Exchange movements	(123)	-	-	(123)
Fair value adjustments	-	(1,480)	-	(1,480)
Losses on investments held at fair value through profit and loss (FVPL)	-	-	(6)	(6)
Operating profit excluding depreciation	6,394	(648)	102	5,848
Share of (loss)/profit and write off's in joint venture	-	20	-	20
EBITDA	6,394	(628)	102	5,868
Net interest movement				(651)
Depreciation				(2,190)
Profit/(loss) before tax				3,027

The key performance indicators of the group can be reconciled as follows:

	Mining £'000	Property £'000	Other £'000	2018 £'000
Revenue	48,666	1,232	47	49,945
Transport and loading cost	(3,103)	-	-	(3,103)
Mining and washing costs	(31,340)	-	-	(31,340)
Other operating costs excluding depreciation	(6,017)	(394)	(3)	(6,414)
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	8,206	838	44	9,088
Exchange movements	(63)	-	-	(63)
Fair value adjustments	-	(215)	-	(215)
Losses on investments held at fair value through profit and loss (FVPL)	-	-	(171)	(171)
Operating profit excluding depreciation	8,143	623	(127)	8,639
Share of (loss)/profit and write off's in joint venture	-	(52)	-	(52)
EBITDA	8,143	571	(127)	8,587
Net interest movement				(515)
Depreciation				(2,113)
Profit/(loss) before tax				5,959

Strategic Report Financial & performance review

Adjusted EBITDA is used as a key indicator of the operating trading performance of the group and its operating segments representing operating profit before the impact of depreciation, fair value adjustments, gains/(losses) on disposal of other investments and foreign exchange movements. The group's operating segments include its South African mining operations and UK property. The performance of these two operating segments are discussed in more detail below.

The group achieved EBITDA for the year of £5.9million (2018: £8.6million). The movement compared to the prior year can mainly be attributed to a decrease in operating profits before depreciation from our mining activities to £6.5 million (2018: £8.2million).

Negative fair value adjustments, related to our UK property increased to £1.5million (2018: £0.2million) with the group reporting an overall profit before tax of £3.0million (2018: £6.0million). Taxation for the year decreased to £1.4million (2018: £1.9million). This resulted in the Group achieving an overall profit for the year after tax of £1.6million (2018: £4.0million), of which £1.0million (2018: £3.3million) was attributable to equity holders of the company.

South African mining operations

Performance

The key performance indicators of the group's South African mining operations are presented in South African Rand and UK Sterling as follows:

	South African Rand		UK Sterling	
	2019	2018	2019	2018
	R'000	R'000	£'000	£'000
Revenue	860,876	852,650	46,704	48,666
Transport and loading costs	(63,058)	(54,366)	(3,421)	(3,103)
Mining and washing costs	(553,844)	(549,090)	(30,047)	(31,340)
Operating profit before other operating costs and depreciation	243,974	249,194	13,236	14,223
Other operating costs (excluding depreciation)			(6,719)	(6,017)
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)			6,517	8,206
Exchange movements			(123)	(63)
EBITDA			6,394	8,143
			2019	2018
			'000	'000
Mining production in tonnes			1,271	1,320
			2019	2018
			R	R
Net Revenue per tonne of mining production			628	605
Mining and washing costs per tonne of mining production			(436)	(416)
Operating profit per tonne of mining production before other operating costs and depreciation			192	189

Net Revenue per tonne of mining production can be defined as the revenue price achieved per metric tonne of mining production less transportation and loading costs.

Strategic Report Financial & performance review

A breakdown of the quantity of coal sold and revenue of the group's South African mining operations are presented in metric tonnes and South African Rand as follows:

	Domestic '000	Export '000	2019 '000	Domestic '000	Export '000	2018 '000
Quantity of coal sold in tonnes	1,094	184	1,278	1,292	174	1,466
	Domestic R'000	Export R'000	2019 R'000	Domestic R'000	Export R'000	2017 R'000
Total Net Revenue	672,854	124,964	797,815	645,386	152,898	798,284
	R	R	R	R	R	R
Net Revenue per tonne of coal sold	615	679	624	500	879	545

The quantity of coal sold can be defined as the quantity of coal sold in metric tonnes by the Group in any given period. Net Revenue per tonne of coal sold can be defined as the revenue price achieved per metric tonne of coal sold less transportation and loading costs.

Total net revenue per tonne of coal sold for the group's mining and processing operations increased for the year from R545 per tonne of coal sold in 2018 to R624 in 2019, attributable to the average price increases achieved in the domestic market offsetting price decreases in the export market. As a result of the overall lower mining production and an increase in coal inventories, the quantity of coal sold for the year decreased to 1.278million tonnes (2018: 1.466million tonnes). The decrease in mining production can be attributable to temporary seasonal water issues in the last quarter of 2019. Overall, the increase in revenue per tonne of coal sold offset the lower production and increase in coal inventories resulting in stable revenue from the group's South African mining operations during the year compared to the prior year at R797.8million (2018: R798.3million).

The decrease in total mining production offset the marginal overall increase in mining and washing cost per tonne from R416 per tonne to R433 per tonne resulting in similar total mining and washing costs for the group of R553.8million (2018: R549.1million).

Other operating costs (excluding depreciation) of £6.7million (2018: £6.0million) include general administrative costs as well as administrative salaries and wages related to our South African mining operations that are incurred both in South Africa and in the UK. These costs are not significantly impacted by movements in mining production and the increase during the year can mainly be attributed to salaries and wages related to our mining operations offset by exchange movements on the translation of South African Rand costs into Sterling. Overall costs in South Africa were in line with management's expectations and local inflation.

Overall, the group's South African mining operations achieved an adjusted EBITDA of £6.5 million (2018: £8.2million) attributable to lower overall production and a decrease in the average exchange rate of the Rand compared to UK Sterling.

The movement in the group's EBITDA for mining activities of £6.4million (2018: £8.1million) for the year, in comparison to the result achieved for adjusted EBITDA was as a result of a small exchange rate loss of £0.1million.

A further explanation of the mines operational performance can be found in the Mining Review on page 4.

Other mining Investments

As reported in the Mining review, in January 2019, Black Wattle Colliery (Pty) Limited transferred its washing plant operations into its own wholly owned subsidiary called Sisonke Coal Processing (Pty) Limited which will operate as a stand-alone commercial entity. As the transaction is internal there was no material impact on the financial reporting of the group. Further details on the impact of the transaction on the group's finance facilities can be found in the section on loans below.

There were no movements in other mining investments outside of the above restructuring in 2019.

Strategic Report Financial & performance review

UK property investment Performance

The group's portfolio is managed actively by London & Associated Properties plc and continued to perform well in 2019. Net property revenue (excluding joint ventures and service charge income) across the portfolio increased marginally during the year to £1.109million (2018: £1.095million). The property portfolio was externally valued at 31 December 2019 and the value of UK investment properties attributable to the group at year end decreased to £11.565 million (2018: £13.045million) mainly due to valuation yields applied in a more challenging retail market compared to the prior year.

Joint venture property investments

The group holds a £0.8million (2018: £0.8million) joint venture investment in Dragon Retail Properties Limited, a UK property investment company. The open market value of the company's share of investment properties included within its joint venture investment in Dragon Retail Properties marginally decreased during the year to £1.22million (2018: £1.23million).

During the year the group continued to hold a £0.5million (2018: £0.5million) 50% joint venture investment in West Ealing Projects Limited, a UK unlisted property development company. West Ealing Projects Limited's only asset is a property development in West Ealing, London. The carrying value of the group's share of the

trading property inventory included within this development is valued at £3.3million (2018: £3.1million). The joint venture has planning consent for 20 flats at first and second floor levels which will be eligible for the UK Government Help to Buy Scheme. More recently, the joint venture has submitted a planning application for an expanded residential redevelopment of 55 flats on the site and we look forward to updating shareholders in due course.

Overall, the group achieved net property revenue of £1.4million (2018: £1.2million) for the year which includes the company's share of net property revenue from its investment in joint ventures of £75,000 (2018: £95,000).

Cashflow & financial position

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
The following table summarises the main components of the consolidated cashflow for the year:		
Cash flow generated from operations before working capital and other items	7,457	9,112
Cash flow from operating activities	4,148	5,409
Cash flow from investing activities	(3,662)	(3,373)
Cash flow from financing activities	(3,322)	442
Net (decrease) / increase in cash and cash equivalents	(2,836)	1,594
Cash and cash equivalents at 1 January	5,686	4,065
Exchange adjustment	28	27
Cash and cash equivalents at 31 December	2,878	5,686
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents as presented in the balance sheet	7,720	9,221
Bank overdrafts (secured)	(4,842)	(3,535)
	2,878	5,686

Strategic Report **Financial & performance review**

Cash flow generated from operating activities decreased compared to the prior year to £4.1million (2018: £5.4million). The decrease in operating profit during the year of £3.6million (2018: £6.5million) was offset by a decrease in income tax paid of £1.2million (2018: £2.28million) both as a result of the lower profitability in UK sterling of our South African mining operations as well as the unrealised loss on investment properties of £1.48million (2018: £0.22million). In addition, cashflow generation from operating activities was also impacted by a cashflow decrease from trade receivables of £0.8million (2018: £0.9million), as a result of an increase in the trade receivables balances of our South African domestic coal customers, and a cashflow decrease from inventories of £0.9million (2018: £0.8million), mainly as a result of reduced domestic and export coal sales from our South African mining operations in the last quarter of 2019 due to lower local consumption and seasonal weather related issues at Richards Bay Coal Terminal.

Investing cashflows primarily reflect the net effect of capital expenditure during the year of £3.2million (2018: £2.9million) which can mainly be attributable to mine development costs at Black Wattle of £1.7million and infrastructure improvements to the washing plant at Sisonke Coal Processing of £1.0million. As at year end the group's mining reserves, plant and equipment had a carrying value of £9.5million (2018: £8.5million) with capital expenditure being offset by depreciation of £2.2million (2018: £2.1million) and exchange translation movements of £0.1million (2018: £0.8million) for the year.

Other investing cashflows also include the acquisition of listed investments of £0.5million compared to the prior year joint venture investment in West Ealing Projects Limited of £0.5million.

Cash outflows from financing activities includes a net decrease in borrowings of £2.1million (2018: £0.7million) attributable to repayment of the Santander loan and drawdown of the Hodge Bank loan as outlined under the loan section below. In addition, dividends paid to shareholders increased during the year to £0.64million (2018: 0.53 million) and dividends paid to minority interests decreased to £0.5million (2018: £0.6million).

Overall, the group's cash and cash equivalents decreased during the year by £2.86million (2018: increase of £1.59million). After taking into account an exchange gain of £0.03million (2018: £0.03million) on the translation of the group's year end net balance of cash and cash equivalents that were held in South African Rands, the group's net balance of cash and cash equivalents (including bank overdrafts) at year end was £2.8million (2018: £5.7million).

The group has considerable financial resources available at short notice including cash and cash equivalents (excluding bank overdrafts) of £7.7million (2018: £9.2million) and listed investments of £1.4million (2018: £0.9million) as at year end. The above financial resources totalling £9.1million (2018: £10.1million).

The net assets of the group reported as at year end were £20.6million (2018: £20.1million). Total assets remained stable at £41.7million (2018: £41.6million).

Liabilities decreased from £21.5million to £21.2million during the year primarily due to a decrease in UK Borrowings from £5.8million to £3.8million offsetting an increase in trade payables from £7.3million to £7.6million and an increase in South African borrowings from £4.3million in 2018 to £5.5million in 2019. This increase can mainly be attributed to an increase in borrowings drawn from the groups' South African structured trade facility utilised by the groups' mining operations. The overall exchange loss recorded through the translation reserve on translation of the group's South African net assets at year end decreased to £0.05million (2018: £0.4million) as a result of the lesser weakening of the South African Rand against UK sterling year to year.

Further details on the Group's cashflow and financial position are stated in the Consolidated Cashflow Statement on page 61 and the Consolidated Balance Sheet on page 58.

Strategic Report **Financial & performance review**

Loans

South Africa

The group has a South African structured trade finance facility with Absa Bank Limited for R100million (South African Rand) which covers the fluctuating working capital requirements of the group's South African operations. As part of the process and sale of the washing plant facilities from Black Wattle Colliery (Pty) Limited to its wholly owned subsidiary Sisonke Coal Processing (Pty) Limited ("Sisonke Coal Processing"), the R100million bank overdraft facility held by Black Wattle Colliery (Pty) Limited with Absa Bank Limited in 2018 was replaced in January 2019 by a new structured trade finance facility for R100million held by Sisonke Coal Processing ("new trade facility"). The new trade facility is renewable annually at 25 January and is secured against inventory, debtors and cash that are held in the group's South African operations.

United Kingdom

In December 2019, the group repaid its £5.84million loan facility with Santander Bank PLC and signed a new £3.96million term loan facility with Julian Hodge Bank Limited. The new debt package has a five year term and is repayable at the end of the term in December 2024. The interest cost of the loan is 4.00% above LIBOR. The loan is secured by way of a first charge over the investment properties in the UK which are included in the financial statements at a value of £11.6million. No banking covenants were breached by the group during the year.

Statement regarding Section 172 of the UK Companies Act

Section 172 of the UK Companies Act requires the Board to report on how the directors have had regard to the matters outlined below in performing their duties. During the year, the Directors consider that they have acted in a way, and have made decision that would, most likely promote the success of the Group for the benefit of its members as a whole as outlined in the matters below:

- The likely consequences of any decision in the long term: see Principal activity, strategy & business model on page 3 and Principal Risks and Uncertainties on page 11;
- The interests of the Group's employees; ethics and compliance; fostering of the Company's business relationships with suppliers, customers and others; and the impact of the Group's operations on the community and environment: see Sustainability report on page 7;
- The need to act fairly between members of the Company: see the Corporate Governance section on page 26

Future prospects and impact of the Covid-19 pandemic

As we continue into 2020, your management have been fully engaged in managing the impact of the Covid-19 pandemic on its operations both here in the UK and in South Africa. Our priorities are the health and safety of all our employees and stakeholders and the continuity of our business during this challenging time.

In terms of business continuity, the Group's South African coal mining and processing operations have been designated as essential business operations. At present, the final impact of the pandemic on the Group's future prospects and financial performance remains uncertain. However, to date, the group's financial position has remained strong and at present, the group has adequate financial resources to ensure the Group remains viable for the foreseeable future and that liabilities are met. A full going concern and viability assessment can be found in the Directors report on page 30.

Outside of the impact of the Covid-19 pandemic, the group continues to seek to expand its operations in South Africa through the acquisition of additional coal reserves. In the UK, management is looking forward to progressing its development in West Ealing and is currently investigating other major investment opportunities in the domestic property sector. This is in line with the groups' overall strategy of balancing the high risk of our mining operations with a dependable cash flow and capital appreciation from our UK property investment operations.

Further information on the outlook of the company can be found in both the Chairman's Statement on page 2 and the Mining Review on page 4 which form part of the Strategic Report.

Signed on behalf of the Board of Directors



Garrett Casey
Finance Director

5 June 2020

Governance

Governance

MANAGEMENT TEAM

*** SIR MICHAEL HELLER**

MA, FCA (Chairman)

ANDREW R HELLER

MA, ACA

(Managing Director)

GARRETT CASEY

CA (SA)

(Finance Director)

ROBERT GROBLER

Pr Cert Eng

(Director of mining)

o+ CHRISTOPHER A JOLL

MA (Non-executive)

Christopher Joll was appointed a Director on 1 February 2001. He has held a number of non-executive directorships of quoted and un-quoted companies and currently runs his own event management business. He is also a published author, lecturer and a writer and director of documentary films.

o JOHN A SIBBALD

BL (Non-executive)

John Sibbald has been a Director since 1988. After qualifying as a Chartered Accountant he spent over 20 years in stockbroking, specialising in mining and international investment.

* Member of the nomination committee

+ Senior independent director

o Member of the audit, nomination and remuneration committees.

OTHER DIRECTORS AND ADVISORS

**SECRETARY AND
REGISTERED OFFICE**

Garrett Casey CA (SA)

24 Bruton Place
London W1J 6NE

**BLACK WATTLE COLLIERY
AND SISONKE COAL
PROCESSING DIRECTORS**

Andrew Heller

(Managing Director)

Ethan Dube

Robert Grobler

Garrett Casey

Millicent Zvarayi

PROPERTY PORTFOLIO

ASSET MANAGER

James Charlton BSc MRICS

COMPANY REGISTRATION

Company registration No.
112155 (Incorporated in
England and Wales)

WEBSITE

www.bisichi.co.uk

E-MAIL

admin@bisichi.co.uk

AUDITOR

BDO LLP, London

PRINCIPAL BANKERS

United Kingdom

Julian Hodge Bank Limited
Santander UK PLC
Investec PLC

South Africa

ABSA Bank (SA)

First National Bank (SA)

Standard Bank (SA)

CORPORATE SOLICITORS

United Kingdom

Fladgate LLP, London

Memery Crystal, London

Olswang LLP, London

South Africa

Brandmullers Attorneys,
Middelburg

Eversheds Sutherland,
Johannesburg

Herbert Smith Freehills,
Johannesburg

Hogan Lovells,
Johannesburg

Tugendhaft Wapnick
Banchetti and Partners,
Johannesburg

STOCKBROKERS

Shore Capital Stockbrokers
Limited

**REGISTRARS AND
TRANSFER OFFICE**

Link Asset Services

Shareholder Services

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(Calls cost 12p per minute plus
your phone company's access
charge. Calls outside the United
Kingdom will be charged at the
applicable international rate). Lines
are open between 9.00am to
5.30pm, Monday to Friday,
excluding public holidays in
England and Wales.

Website:

www.linkassetservices.com

Email:

enquiries@linkgroup.co.uk

Governance

Five year summary

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Consolidated income statement items					
Revenue	48,106	49,945	40,350	24,923	27,603
Operating profit/(loss)	3,658	6,526	3,763	637	150
Profit/(loss) before tax	3,027	5,959	1,485	346	(147)
Trading profit/(loss) before tax	4,493	6,397	3,317	(74)	(188)
Revaluation and impairment (loss)/profit before tax	(1,466)	(438)	(1,832)	420	41
EBITDA	5,868	8,587	3,734	2,415	1,365
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	7,457	9,088	5,819	1,516	1,717
Consolidated balance sheet items					
Investment properties	11,565	13,045	13,245	13,245	12,800
Fixed asset investments	1,629	1,357	925	2,703	2,112
	13,194	14,402	14,170	15,948	14,912
Investments held at fair value	1,119	887	1,050	781	594
	14,313	15,289	15,220	16,729	15,506
Other assets less liabilities less non-controlling interests	5,619	4,280	1,922	(72)	(196)
Total equity attributable to equity shareholders	19,932	19,569	17,142	16,657	15,310
Net assets per ordinary share (attributable)	186.7p	183.3p	160.6p	156.0p	143.4p
Dividend per share	1.00p	6.00p	5.00p	4.00p	4.00p

Financial calendar

9 July 2020	Annual General Meeting
Late August 2020	Announcement of half-year results to 30 June 2020
Late April 2021	Announcement of results for year ending 31 December 2020

Directors' report

The directors submit their report together with the audited financial statements for the year ended 31 December 2019.

Review of business, future developments and post balance sheet events

The group continues its mining activities. Income for the year was derived from sales of coal from its South African operations. The group also has a property investment portfolio for which it receives rental income and a joint venture investment in a UK residential property development.

The results for the year and state of affairs of the group and the company at 31 December 2019 are shown on pages 56 to 97 and in the Strategic Report on pages 2 to 22. Future developments and prospects are also covered in the Strategic Report and further details of any post balance sheet events can be found in note 32 to the financial statements. Over 99 per cent of staff are employed in the South African coal mining industry – employment matters and health and safety are dealt with in the Strategic Report.

The management report referred to in the Director's responsibilities statement encompasses this Directors' Report and Strategic Report on pages 2 to 22.

Corporate responsibility

Environment

The environmental considerations of the group's South African coal mining operations are covered in the Strategic Report on pages 2 to 22.

The group's UK activities are principally property investment whereby premises are provided for rent to retail businesses and a joint venture investment in a UK residential property development.

The group seeks to provide those tenants with good quality premises from which they can operate in an efficient and environmentally friendly manner. Wherever possible, improvements, repairs and replacements are made in an environmentally efficient manner and waste re-cycling arrangements are in place at all the company's locations.

Greenhouse Gas Emissions

Details of the group's greenhouse gas emissions for the year ended 31 December 2019 can be found on page 10 of the Strategic Report.

Employment

The group's policy is to attract staff and motivate employees by offering competitive terms of employment. The group provides equal opportunities to all employees and prospective employees including those who are disabled. The

Strategic Report gives details of the group's activities and policies concerning the employment, training, health and safety and community support and social development concerning the group's employees in South Africa.

Dividend policy

An interim dividend for 2019 of 1p was paid on 7 February 2020 (Interim 2018: 1p). The directors are not proposing the payment of a final dividend (2018: 3p) or a special dividend (2018: 2p) for 2019.

The total dividend per ordinary share for 2019 will therefore be 1p (2018: 6p) per ordinary share.

Investment properties and other properties

The investment property portfolio is stated at its open market value of £11,565,000 at 31 December 2019 (2018: £13,045,000) as valued by professional external valuers. The open market value of the company's share of investment properties and development property inventory held at cost included within its investments in joint ventures is £4,553,000 (2018: £4,334,000).

Governance Directors' report

Financial instruments

Note 22 to the financial statements sets out the risks in respect of financial instruments. The Board reviews and agrees overall treasury policies, delegating appropriate authority to the managing director. Treasury operations are reported at each Board meeting and are subject to weekly internal reporting.

Directors

The directors of the company for the whole year were Sir Michael Heller, A R Heller, G J Casey, C A Joll, R J Grobler (a South African citizen), and J A Sibbald.

The director retiring by rotation is Mr GJ Casey who offers himself for re-election.

Mr GJ Casey has been an executive director of the company since 2010. He is chartered accountant and has a contract of employment determinable at three months' notice. The board recommends the re-election of GJ Casey.

No director had any material interest in any contract or arrangement with the company during the year other than as shown in this report.

Directors' shareholdings

The interests of the directors in the shares of the company, including family and trustee holdings where appropriate, are shown on page 34 of the Annual Remuneration Report.

Substantial interests

The following have advised that they have an interest in 3 per cent. or more of the issued share capital of the company as at 5 June 2020:

London & Associated Properties PLC - 4,432,618 shares representing 41.52 per cent. of the issued capital. (Sir Michael Heller is a director and shareholder of London & Associated Properties PLC).

Sir Michael Heller -	330,117 shares representing 3.09 per cent. of the issued capital.
A R Heller -	785,012 shares representing 7.35 per cent. of the issued capital.
Cavendish Asset Management Limited -	1,976,154 shares representing 18.51 per cent. of the issued share capital.
James Hyslop -	345,000 shares representing 3.23 per cent. of the issued share capital.

Disclosure of information to auditor

The directors in office at the date of approval of the financial statements have confirmed that as far as they are aware that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all reasonable steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Indemnities and insurance

The Articles of Association and Constitution of the company provide for them to indemnify, to the extent permitted by law, directors and officers (excluding the Auditor) of the companies, including officers of subsidiaries, and associated

companies against liabilities arising from the conduct of the group's business. The indemnities are qualifying third-party indemnity provisions for the purposes of the UK Companies Act 2006 and each of these qualifying third-party indemnities was in force during the course of the financial year ended 31 December 2019 and as at the date of this Directors' report. No amount has been paid under any of these indemnities during the year.

The group has purchased directors' and officers' insurance during the year. In broad terms, the insurance cover indemnifies individual directors and officers against certain personal legal liability and legal defence costs for claims arising out of actions taken in connection with group business.

Corporate Governance

The Board acknowledges the importance of good corporate governance. The paragraphs below set out how the company has applied this guidance during the year.

Principles of corporate governance

The group's Board appreciates the value of good corporate governance not only in the areas of accountability and risk management, but also as a positive contribution to business prosperity. The Board endeavours to apply corporate governance principles in a sensible and pragmatic fashion having regard to the circumstances of the group's business. The key objective is to enhance and protect shareholder value.

Governance Directors' report

Board structure

During the year the Board comprised the executive chairman, the managing director, two other executive directors and two non-executive directors. Their details appear on page 23. The Board is responsible to shareholders for the proper management of the group. The Directors' responsibilities statement in respect of the accounts is set out on page 49. The non-executive directors have a particular responsibility to ensure that the strategies proposed by the executive directors are fully considered. To enable the Board to discharge its duties, all directors have full and timely access to all relevant information and there is a procedure for all directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the group. The Board has a formal schedule of matters reserved to it and meets bi-monthly.

The Board is responsible for overall group strategy, approval of major capital expenditure projects and consideration of significant financing matters.

The following Board committees, which have written terms of reference, deal with specific aspects of the group's affairs:

- The nomination committee is chaired by Christopher Joll and comprises the non-executive directors and the executive chairman. The committee is responsible for proposing candidates for appointment to the Board, having regard to the balance and structure of the Board. In appropriate cases recruitment consultants are used to assist the process. Each director is subject to re-election at least every three years.
- The remuneration committee is responsible for making recommendations to the Board on the company's framework of executive remuneration and its cost. The committee determines the contractual terms, remuneration and

other benefits for each of the executive directors, including performance related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the non-executive directors. The committee comprises the non-executive directors. It is chaired by Christopher Joll. The company's executive chairman is normally invited to attend meetings. The report on directors' remuneration is set out on pages 32 to 39.

- The audit committee comprises the two non-executive directors and is chaired by Christopher Joll. Its prime tasks are to review the scope of external audit, to receive regular reports from the company's auditor and to review the half-yearly and annual accounts before they are presented to the Board, focusing in particular on accounting policies and areas of management judgment and estimation. The committee is responsible for monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders. The committee acts as a forum for discussion of internal control issues and contributes to the Board's review of the effectiveness of the group's internal control and risk management systems and processes. The committee also considers annually the need for an internal audit function. It advises the Board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. The committee, which meets formally at least twice a year, provides a forum for reporting by the group's external auditors.

Meetings are also attended, by invitation, by the company chairman, managing director and finance director.

The audit committee also undertakes a formal assessment of the auditors' independence each year which includes:

- a review of non-audit services provided to the group and related fees;
- discussion with the auditors of a written report detailing consideration of any matters that could affect independence or the perception of independence;
- a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

The audit committee report is set out on page 46.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 5 to the financial statements.

Performance evaluation – board, board committees and directors

The performance of the board as a whole and of its committees and the non-executive directors is assessed by the chairman and the managing director and is discussed with the senior independent director. Their recommendations are discussed at the nomination committee prior to proposals for re-election being recommended to the Board. The performance of executive directors is discussed and assessed by the remuneration committee. The senior independent director meets regularly with the chairman and both the executive and non-executive directors individually outside of formal meetings. The directors will take outside advice in reviewing performance but have not found this necessary to date.

Governance Directors' report

Independent directors

The senior independent non-executive director is Christopher Joll. The other independent non-executive director is John Sibbald.

Christopher Joll has been a non-executive director for over nineteen years and John Sibbald has been a non-executive director for over thirty years. The Board encourages Christopher Joll and John Sibbald to act independently. The board considers that their length of service does not, and has not, resulted in their inability or failure to act independently. In the opinion of the Board, Christopher Joll and John Sibbald continue to fulfil their role as independent non-executive directors.

The independent directors regularly meet prior to Board meetings to discuss corporate governance issues.

Internal control

The directors are responsible for the group's system of internal control and review of its effectiveness annually. The Board has designed the group's system of internal control in order to provide the directors with reasonable assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

The key elements of the control system in operation are:

Board and board committee meetings

The number of meetings during 2019 and attendance at regular Board meetings and Board committees was as follows:

		Meetings held	Meetings Attended
Sir Michael Heller	Board	5	5
	Nomination committee	1	1
	Audit committee	2	2
A R Heller	Board	5	5
	Audit committee	2	2
G J Casey	Board	5	5
	Audit committee	2	2
R J Grobler	Board	5	1
C A Joll	Board	5	5
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	1	1
J A Sibbald	Board	5	5
	Audit committee	2	2
	Nomination committee	1	1
	Remuneration committee	1	1

- the Board meets regularly with a formal schedule of matters reserved to it for decision and has put in place an organisational structure with clearly defined lines of responsibility and with appropriate delegation of authority;
- there are established procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the group's financial performance against approved budgets and forecasts;
- UK property and financial operations are closely monitored by members of the Board and senior managers to enable them to assess risk and address the adequacy of measures in place for its monitoring and control.

The South African operations are closely supervised by the UK based executives through daily, weekly and monthly reports from the directors and senior officers in South Africa. This is supplemented by monthly visits by the UK based finance director to the South African operations which include checking the integrity of information supplied to the UK. The directors are guided by the internal control guidance for directors issued by the Institute of Chartered Accountants in England and Wales.

During the period, the audit committee has reviewed the effectiveness of internal control as described above. The Board receives periodic reports from its committees.

Governance **Directors' report**

There were no significant issues identified during the year ended 31 December 2019 (and up to the date of approval of the report) concerning material internal control issues. The directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period.

Communication with shareholders

Communication with shareholders is a matter of priority. Extensive information about the group and its activities is given in the Annual Report, which is made available to shareholders. Further information is available on the company's website, www.bisichi.co.uk. There is a regular dialogue with institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the group are dealt with informatively and promptly.

Takeover directive

The company has one class of share capital, ordinary shares. Each ordinary share carries one vote. All the ordinary shares rank *pari passu*. There are no securities issued in the company which carry special rights with regard to control of the company. The identity of all substantial direct or indirect holders of securities in the company and the size and nature of their holdings is shown under the "Substantial interests" section of this report above.

A relationship agreement dated 15 September 2005 (the "Relationship Agreement") was entered into between the company and London & Associated Properties PLC ("LAP") in regard to the arrangements between them whilst LAP is a controlling shareholder of the company. The Relationship Agreement

includes a provision under which LAP has agreed to exercise the voting rights attached to the ordinary shares in the company owned by LAP to ensure the independence of the Board of directors of the company.

Other than the restrictions contained in the Relationship Agreement, there are no restrictions on voting rights or on the transfer of ordinary shares in the company. The rules governing the appointment and replacement of directors, alteration of the articles of association of the company and the powers of the company's directors accord with usual English company law provisions. Each director is re-elected at least every three years. The company is not party to any significant agreements that take effect, alter or terminate upon a change of control of the company following a takeover bid. The company is not aware of any agreements between holders of its ordinary shares that may result in restrictions on the transfer of its ordinary shares or on voting rights.

There are no agreements between the company and its directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Bribery Act 2010

The Bribery Act 2010 came into force on 1 July 2011, and the Board took the opportunity to implement a new Anti-Bribery Policy. The company is committed to acting ethically, fairly and with integrity in all its endeavours and compliance of the code is closely monitored.

Annual General Meeting

The annual general meeting of the company ("Annual General Meeting") will be held at 24 Bruton Place, London W1J

6NE on Thursday, 9 July 2020 at 11.00 a.m. Resolutions 1 to 7 will be proposed as ordinary resolutions. More than 50 per cent. of shareholders' votes cast must be in favour for those resolutions to be passed.

The directors consider that all of the resolutions to be put to the meeting are in the best interests of the company and its shareholders as a whole. The Board recommends that shareholders vote in favour of all resolutions.

Please note that the following paragraph is a summary of resolution 7 to be proposed at the Annual General Meeting and not the full text of the resolution. You should therefore read this section in conjunction with the full text of the resolutions contained in the notice of Annual General Meeting.

Directors' authority to allot shares (Resolution 7)

In certain circumstances it is important for the company to be able to allot shares up to a maximum amount without needing to seek shareholder approval every time an allotment is required. Paragraph 7.1 of resolution 7 would give the directors the authority to allot shares in the company and grant rights to subscribe for, or convert any security into, shares in the company up to an aggregate nominal value of £355,894. This represents approximately 1/3 (one third) of the ordinary share capital of the company in issue (excluding treasury shares) at 5 June 2020 (being the last practicable date prior to the publication of this Directors' Report). Paragraph 7.2 of resolution 7 would give the directors the authority to allot shares in the company and grant rights to subscribe for, or convert any security into, shares in the company up to a further aggregate nominal value of £355,894,

Governance **Directors' report**

in connection with a pre-emptive rights issue. This amount represents approximately 1/3 (one third) of the ordinary share capital of the company in issue (excluding treasury shares) at 5 June 2020 (being the last practicable date prior to the publication of this Directors' Report).

Therefore, the maximum nominal value of shares or rights to subscribe for, or convert any security into, shares which may be allotted or granted under resolution 7 is £711,788. Resolution 7 complies with guidance issued by the Investment Association (IA).

The authority granted by resolution 7 will expire on 31 August 2021 or, if earlier, the conclusion of the next annual general meeting of the company. The directors have no present intention to make use of this authority. However, if they do exercise the authority, the directors intend to follow emerging best practice as regards its use as recommended by the IA.

Donations

No political donations were made during the year (2018: £nil).

Going concern

The group's business activities, together with the factors likely to affect its future development are set out in the Chairman's Statement on the preceding page 2, the Mining Review on pages 4 to 6 and its financial position is set out on page 24 of the Strategic Report. In addition Note 22 to the financial statements includes the group's treasury policy, interest rate risk, liquidity risk, foreign exchange risks and credit risk.

In South Africa, the Covid-19 pandemic continues to have an impact on the Group's South African mining operations. In terms

of business continuity, the Group's entities have remained in operation as the entities have been classified as essential businesses. Although the final impact of Covid-19 is uncertain, the directors have assessed the expected range of impact of the pandemic on its cashflow forecasts and have a reasonable expectation that the mine will retain adequate levels of cash to remain in operation for the foreseeable future.

In addition, a structured trade finance facility with Absa Bank Limited for R100million is held by Sisonke Coal Processing (Pty) Limited, a 100% subsidiary of Black Wattle Colliery (Pty) Limited. This facility comprises of a R100million revolving facility to cover the working capital requirements of the group's South African operations. The facility is renewable annually at 25 January and is secured against inventory, debtors and cash that are held in the group's South African operations. The Directors do not foresee any reason why the facility will not continue to be renewed at the next renewal date, in line with prior periods and based on their banking relationships. As a consequence, the directors believe that the group is well placed to manage its South African business risks successfully.

In the UK, both rental and investment income have been negatively impacted by the pandemic. Although the final impact of the pandemic is uncertain, the directors have assessed the range of expected impact of the pandemic on its UK and Group cashflow forecasts. The forecasts demonstrate that the group has sufficient resources to meet its liabilities as they fall due for at least the next 12 months, from the approval of the financial statements, including those related to the Group's UK Loan facility outlined below.

During the year, a £6 million term loan facility was repaid in December 2019 that was held with Santander Bank PLC. At the same time in December 2019 the Group entered into a new 5 year term facility of £3.9m with Julian Hodge Bank Limited at an initial LTV of 40%. The loan is secured against the company's UK retail property portfolio. The amount repayable on the loan at year end was £3.9million. The debt package has a five year term and is repayable at the end of the term. The interest cost of the loan is 4.0 % above LIBOR. Although the final impact of the Covid-19 pandemic on the new facility's banking covenants is uncertain, the directors have a reasonable expectation that the group has adequate financial resources at short notice, including cash and listed equity investments, to ensure the existing facility's covenants are met on an ongoing basis.

As a result of the banking facilities held as well as the acceptable levels of cash expected to be held by the group over the next 12 months, the Directors believe that the group has adequate resources to continue in operational existence for the foreseeable future and that the group is well placed to manage its business risks. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

By order of the board

G.J Casey
Secretary

24 Bruton Place, London W1J 6NE
5 June 2020



Governance

Statement of the Chairman of the remuneration committee

The remuneration committee presents its report for the year ended 31 December 2019, which this year is presented in two parts in accordance with the regulations.

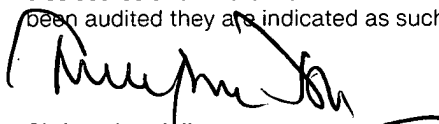
The first part is the Annual Remuneration Report which details remuneration awarded to directors and non-executive directors during the year. The shareholders will be asked to approve the Annual Remuneration Report as an ordinary resolution (as in previous years) at the AGM in July 2020.

The current remuneration policy, which details the remuneration policy for directors, can be found at www.bisichi.co.uk. The current remuneration policy was subject to a binding vote which was approved by shareholders at the AGM in June 2017. The approval will continue to apply for a 3 year period up to the AGM on 9 July 2020. The remuneration committee considered the overall performance of the group as well as of each director in the year ended 31 December 2019 and remuneration including bonuses were awarded in line with the performance conditions of the remuneration policy.

The second part, is the new remuneration policy report which can be found on page 40. The new remuneration policy is largely in line with the previous policy and is subject to a binding vote which will be proposed to shareholders at the AGM on 9 July 2020. Once approved, the approval of the new policy will apply for a 3 year period effective from the conclusion of the AGM on 9 July 2020.

Both the above reports have been prepared in accordance with The Large & Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The company's auditors, BDO LLP are required by law to audit certain disclosures and where disclosures have been audited they are indicated as such.



Christopher Joll
Chairman - remuneration committee

24 Bruton Place
London W1J 6NE
5 June 2020

Governance

Annual remuneration report

The following information has been audited:

Single total figure of remuneration for the year ended 31 December 2019:

	Salaries and Fees £'000	Bonuses £'000	Benefits £'000	Pension £'000	Total before Share options £'000	Share options £'000	Total 2019 £'000
Executive Directors							
Sir Michael Heller	83	200	0	-	283	-	283
A R Heller	495	500	40	-	1,035	-	1,035
G J Casey	149	200	17	20	386	-	386
R Grobler	208	195	12	16	431	-	431
Non-Executive Directors							
C A Joll*	38	-	-	-	38	-	38
J A Sibbald*	3	-	3	-	6	-	6
Total	976	1,095	72	36	2,179	-	2,179

*Members of the remuneration committee for the year ended 31 December 2019

Single total figure of remuneration for the year ended 31 December 2018:

	Salaries and Fees £'000	Bonuses £'000	Benefits £'000	Pension £'000	Total before Share options £'000	Share options £'000	Total 2018 £'000
Executive Directors							
Sir Michael Heller	82	200	2	-	284	-	284
A R Heller	495	500	71	5	1,071	2	1,073
G J Casey	143	200	28	20	391	2	393
R Grobler	201	137	27	14	379	-	379
Non-Executive Directors							
C A Joll*	33	-	-	-	33	-	33
J A Sibbald*	2	-	3	-	5	-	5
Total	956	1,037	131	39	2,163	4	2,167

*Members of the remuneration committee for the year ended 31 December 2018

Governance Annual remuneration report

Summary of directors' terms	Date of contract	Unexpired term	Notice period
Executive directors			
Sir Michael Heller	November 1972	Continuous	6 months
A R Heller	January 1994	Continuous	3 months
G J Casey	June 2010	Continuous	3 months
R J Grobler	April 2008	Continuous	3 months
Non-executive directors			
C A Joll	February 2001	Continuous	3 months
J A Sibbald	October 1988	Continuous	3 months

Pension schemes and incentives

Two (2018: Three) directors have benefits under money purchase pension schemes. Contributions in 2019 were £36,640 (2018: £39,000), see table above.

Scheme interests awarded during the year

During the year no share options were granted under share option schemes.

Share option schemes

The company currently has only one Unapproved Share Option Scheme which is not subject to HM revenue and Customs (HMRC) approval. The 2012 scheme was approved by the remuneration committee of the company on 28 September 2012.

	Number of share options			31 December 2019	Exercisable from	Exercisable to
	Option price*	1 January 2018	Options granted/ (Surrendered) in 2018			
The 2012 Scheme						
A R Heller	87.01p	150,000	-	150,000	18/09/2015	17/09/2025
A R Heller	73.50p	150,000	-	150,000	06/02/2018	06/02/2028
G J Casey	87.01p	150,000	-	150,000	18/09/2015	17/09/2025
G J Casey	73.50p	230,000	-	230,000	06/02/2018	06/02/2028

*Middle market price at date of grant

No consideration is payable for the grant of options under the 2012 Unapproved Share Option Scheme. There are no performance or service conditions attached to the 2012 Unapproved Share Option scheme.

Governance Annual remuneration report

Payments to past directors

No payments were made to past directors in the year ended 31 December 2019 (2018: £nil).

Payments for loss of office

No payments for loss of office were made in the year ended 31 December 2019 (2018: £nil).

Statement of Directors' shareholding and share interest

Directors' interests

The interests of the directors in the shares of the company, including family and trustee holdings where appropriate, were as follows:

	Beneficial		Non-beneficial	
	31.12.2019	1.1.2019	31.12.2019	1.1.2019
Sir Michael Heller	148,783	148,783	181,334	181,334
A R Heller	785,012	785,012	-	-
C A Joll	-	-	-	-
J A Sibbald	-	-	-	-
R J Grobler	-	-	-	-
G J Casey	40,000	40,000	-	-

The following section is unaudited.

The following graph illustrates the company's performance compared with a broad equity market index over a ten year period. Performance is measured by total shareholder return. The directors have chosen the FTSE All Share Mining index as a suitable index for this comparison as it gives an indication of performance against a spread of quoted companies in the same sector.

The middle market price of Bisichi PLC ordinary shares at 31 December 2019 was 109p (2018: 92.5p). During the year the share price ranged between 85p and 129p.

Governance Annual remuneration report

Remuneration of the Managing Director over the last ten years

The table below demonstrates the remuneration of the holder of the office of Managing Director for the last ten years for the period from 1 January 2010 to 31 December 2019.

Year	Managing Director	Managing Director Single total figure of remuneration £'000	Annual bonus payout against maximum opportunity* %	Long-term incentive vesting rates against maximum opportunity* %
2019	A R Heller	1,035	34%	N/A
2018	A R Heller	1,073	34%	N/A
2017	A R Heller	898	25%	N/A
2016	A R Heller	850	22%	N/A
2015	A R Heller	912	22%	N/A
2014	A R Heller	862	22%	N/A
2013	A R Heller	614	N/A	N/A
2012	A R Heller	721	N/A	N/A
2011	A R Heller	626	N/A	N/A
2010	A R Heller	568	N/A	N/A

Bisichi PLC does not have a Chief Executive so the table includes the equivalent information for the Managing Director.

*There were no formal criteria or conditions to apply in determining the amount of bonus payable or the number of shares to be issued prior to 2014.

Percentage change in remuneration of director undertaking role of Managing Director

	Managing Director £'000			UK based employees £'000		
	2019	2018	% change	2019	2018	% change
Base salary	495	495	0%	231	225	3%
Benefits	40	71	-44 %	17	30	-43%
Bonuses	500	500	0%	400	400	0%

Bisichi PLC does not have a Chief Executive so the table includes the equivalent information for the Managing Director. The comparator group chosen is all UK based employees as the remuneration committee believe this provides the most accurate comparison of underlying increases based on similar annual bonus performances utilised by the group.

Relative importance of spend on pay

The total expenditure of the group on remuneration to all employees (see Notes 29 and 9 to the financial statements) is shown below:

	2019 £'000	2018 £'000
Employee remuneration	7,783	7,335
Distribution to shareholders	107	641

Governance Annual remuneration report

Statement of implementation of new remuneration policy

The new remuneration policy will be approved at the AGM on 9 July 2020. The policy will take effect from the conclusion of the AGM and will apply for 3 years unless changes are deemed necessary by the remuneration committee. The company may not make a remuneration payment or payment for loss of office to a person who is, is to be, or has been a director of the company unless that payment is consistent with the approved remuneration policy, or has otherwise been approved by a resolution of members.

Consideration by the directors of matters relating to directors' remuneration

The remuneration committee considered the executive directors remuneration and the board considered the non-executive directors remuneration in the year ended 31 December 2019.

Shareholder voting

At the Annual General Meeting on 11 June 2019, there was an advisory vote on the resolution to approve the remuneration report, other than the part containing the remuneration policy. In addition, on 7 June 2017 there was a binding vote on the resolution to approve the current remuneration policy the results of which are detailed below:

	% of votes for	% of votes against	No of votes withheld
Resolution to approve the Remuneration Report (11 June 2019)	70%	30%	2,304
Resolution to approve the Remuneration Policy (7 June 2017)	74.77%	25.16%	-

The remuneration committee and directors have considered the percentage of votes against the resolutions to approve the remuneration report and policy. Reasons given by shareholders, as known by the directors, have been the level of remuneration awarded and the general remuneration policy itself. The remuneration committee consider the remuneration policy and performance conditions within remain appropriate and therefore no further action has been taken.

Service contracts

All executive directors have full-time contracts of employment with the company. Non-executive directors have contracts of service. No director has a contract of employment or contract of service with the company, its joint venture or associated companies with a fixed term which exceeds twelve months. Directors notice periods (see page 33 of the annual remuneration report) are set in line with market practice and of a length considered sufficient to ensure an effective handover of duties should a director leave the company.

All directors' contracts as amended from time to time, have run from the date of appointment. Service contracts are kept at the registered office.

Governance Annual remuneration report

Remuneration policy table

The remuneration policy table below is an extract of the group's current remuneration policy on directors' remuneration, which was approved by a binding vote at the 2017 AGM. The approved policy took effect from 7 June 2017. A copy of the full policy can be found at www.bisichi.co.uk.

Element	Purpose	Policy	Operation	Opportunity and performance conditions
Executive directors				
Base salary	To recognise: Skills Responsibility Accountability Experience Value	Considered by remuneration committee on appointment. Set at a level considered appropriate to attract, retain motivate and reward the right individuals.	Reviewed annually Paid monthly in cash	No individual director will be awarded a base salary in excess of £700,000 per annum. No specific performance conditions are attached to base salaries.
Pension	To provide competitive retirement benefits	Company contribution offered at up to 10% of base salary as part of overall remuneration package.	The contribution payable by the company is included in the director's contract of employment. Paid into money purchase schemes	Company contribution offered at up to 10% of base salary as part of overall remuneration package. No specific performance conditions are attached to pension contributions
Benefits	To provide a competitive benefits package	Contractual benefits can include but are not limited to: Car or car allowance Group health cover Death in service cover Permanent health insurance	The committee retains the discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the Group lead to increased costs (e.g. medical inflation)	The costs associated with benefits offered are closely controlled and reviewed on an annual basis. No director will receive benefits of a value in excess of 30% of his base salary. No specific performance conditions are attached to contractual benefits. The value of benefits for each director for the year ended 31 December 2019 is shown in the table on page 32.

Governance Annual remuneration report

Element	Purpose	Policy	Operation	Opportunity and performance conditions
Annual Bonus	To reward and incentivise	In assessing the performance of the executive team, and in particular to determine whether bonuses are merited the remuneration committee takes into account the overall performance of the business. Bonuses are generally offered in cash	The remuneration committee determines the level of bonus on an annual basis applying such performance conditions and performance measures as it considers appropriate	The current maximum bonus opportunity will not exceed 200% of base salary in any one year, but the remuneration committee reserves the power to award up to 300% in an exceptional year. Performance conditions will be assessed on an annual basis. The performance measures applied may be financial, non-financial, corporate, divisional or individual and in such proportion as the remuneration committee considers appropriate
Share Options	To provide executive directors with a long-term interest in the company	Granted under existing schemes (see page 33)	Offered at appropriate times by the remuneration committee	Entitlement to share options is not subject to any specific performance conditions. Share options will be offered by the remuneration committee as appropriate. The aggregate number of shares over which options may be granted under all of the company's option schemes (including any options and awards granted under the company's employee share plans) in any period of ten years, will not exceed, at the time of grant, 10% of the ordinary share capital of the company from time to time. In determining the limits no account shall be taken of any shares where the right to acquire the shares has been released, lapsed or has otherwise become incapable of exercise. The company currently has one Share Option Scheme (see page 33). For the 2012 scheme the remuneration committee has the ability to impose performance criteria in respect of any new share options granted, however there is no requirement to do so. There are no performance conditions attached to the options already issued under the 2012 scheme.

Element	Purpose	Policy	Operation	Opportunity and performance conditions
Non-executive directors				
Base salary	To recognise: Skills Experience Value	Considered by the board on appointment. Set at a level considered appropriate to attract, retain and motivate the individual. Experience and time <i>required for the role are</i> considered on appointment.	Reviewed annually	No individual director will be awarded a base salary in excess of £40,000 per annum. No specific performance conditions are attached to base salaries.
Pension		No pension offered		
Benefits		No benefits offered except to one non-executive director who is eligible for health cover (see annual remuneration report page 32)	The committee retains the discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the Group lead to increased costs (e.g. medical inflation)	The costs associated with the benefit offered is closely controlled and reviewed on an annual basis. No director will receive benefits of a value in excess of 30% of his base salary. No specific performance conditions are attached to contractual benefits.
Share Options		Non-executive directors do not participate in the share option schemes		

Remuneration policy

The remuneration policy below is the group's new remuneration policy on directors' remuneration, which will be proposed for a binding vote at the 2020 AGM. If approved it is intended that the policy take effect from the conclusion of the AGM on 9 July 2020, and will apply to remuneration determined on or after that date. The previously determined remuneration (determined under the company's remuneration policy approved at the 2017 AGM) will continue to apply until that time.

The remuneration of the Company's executive directors is determined by the remuneration committee. In the decision making process for the determination, review and implementation of the company's remuneration policy, the remuneration committee has taken the following into account:

- The need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the company
- The group's general aim of seeking to reward all employees fairly according to the nature of their role and their performance
- Remuneration packages offered by similar companies within the same sector
- The need to align the interests of shareholders as a whole with the long-term growth of the group
- The need to align the determination, review and implementation of the company's remuneration policy with the long term strategy and success of the business.

- The need to be flexible and adjust with operational changes throughout the term of this policy
- The need to ensure a link between remuneration and the long term success of the group; and
- The need to consider factors beyond the control of management in determining final outcomes.

The remuneration of non-executive directors is determined by the board, and takes into account additional remuneration for services outside the scope of the ordinary duties of non-executive directors.

In determining the remuneration for each executive director, the remuneration committee has, and in the determination of the fees payable to non-executive directors, the Board has, had regard to potential conflicts of interest in the decision making process, and has sought to mitigate these as far as is possible given the company's size, nature and stage of operations.

The remuneration policy contains no significant revisions compared with the previous policy.

Governance Remuneration policy

Future Policy Table

Element	Purpose	Policy	Operation	Opportunity and performance conditions
Executive directors				
Base salary	To recognise: Skills Responsibility Accountability Experience Value	Considered by remuneration committee on appointment. Set at a level considered appropriate to attract, retain motivate and reward the right individuals.	Reviewed annually Paid monthly in cash	No individual director will be awarded a base salary in excess of £700,000 per annum. No specific performance conditions are attached to base salaries.
Pension	To provide competitive retirement benefits	Company contribution offered at up to 10% of base salary as part of overall remuneration package.	The contribution payable by the company is included in the director's contract of employment. Paid into money purchase schemes	Company contribution offered at up to 10% of base salary as part of overall remuneration package. No specific performance conditions are attached to pension contributions
Benefits	To provide a competitive benefits package	Contractual benefits can include but are not limited to: Car or car allowance Group health cover Death in service cover Permanent health insurance	The committee retains absolute discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the Group lead to increased costs (e.g. medical inflation)	The costs associated with benefits offered are closely controlled and reviewed on an annual basis. No director will receive benefits of a value in excess of 30% of his base salary. No specific performance conditions are attached to contractual benefits. The value of benefits for each director for the year ended 31 December 2019 is shown in the table on page 32.

Governance Remuneration policy

Element	Purpose	Policy	Operation	Opportunity and performance conditions
Annual Bonus	To reward and incentivise	In assessing the performance of the executive team, and in particular to determine whether bonuses are merited the remuneration committee takes into account the overall performance of the business. Bonuses are generally offered in cash	The remuneration committee determines the level of bonus on an annual basis applying such performance conditions and performance measures as it considers appropriate	The current maximum bonus opportunity will not exceed 200% of base salary in any one year, but the remuneration committee reserves the power to award up to 300% in an exceptional year. There is no formal framework by which the company assesses performance and performance conditions and measures will be assessed on an annual basis by the remuneration committee. In determining the level of the bonus, the remuneration committee will take into account internal and external factors and circumstances that occur during the year under review. The performance measures applied may be financial, non-financial, corporate, divisional or individual and in such proportion as the remuneration committee considers appropriate to the prevailing circumstances. The company does not consider, given the company's size, nature and stage of operations that a formal framework is required.
Share Options	To provide executive directors with a long-term interest in the company	Granted under existing schemes (see page 33)	Offered at appropriate times by the remuneration committee	Entitlement to share options is not subject to any specific performance conditions. Share options will be offered by the remuneration committee as appropriate. The aggregate number of shares over which options may be granted under all of the company's option schemes (including any options and awards granted under the company's employee share plans) in any period of ten years, will not exceed, at the time of grant, 10% of the ordinary share capital of the company from time to time. In determining the limits no account shall be taken of any shares where the right to acquire the shares has been released, lapsed or has otherwise become incapable of exercise. The company currently has one Share Option Scheme (see page 33). For the 2012 scheme the remuneration committee has the ability to impose performance criteria in respect of any new share options granted, however there is no requirement to do so. There are no performance conditions attached to the options already issued under the 2012 scheme, the options vest on issue and there are no minimum hold periods for the resulting shares issued on exercise of the option.

Governance **Remuneration policy**

Element	Purpose	Policy	Operation	Opportunity and performance conditions
Non-executive directors				
Base salary	To recognise: Skills Experience Value	Considered by the board on appointment. Set at a level considered appropriate to attract, retain and motivate the individual. Experience and time required for the role are considered on appointment.	Reviewed annually	No individual director will be awarded a base salary in excess of £60,000 per annum. No specific performance conditions are attached to base salaries.
Pension		No pension offered		
Benefits		No benefits offered except to one non-executive director who is eligible for health cover (see annual remuneration report page 32)	The committee retains the discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the Group lead to increased costs (e.g. medical inflation)	The costs associated with the benefit offered is closely controlled and reviewed on an annual basis. No director will receive benefits of a value in excess of 30% of his base salary. No specific performance conditions are attached to contractual benefits.
Share Options		Non-executive directors do not participate in the share option schemes		

Notes to the future policy table

In order to ensure that shareholders have sufficient clarity over director remuneration levels, the company has, where possible, specified a maximum that may be paid to a director in respect of each component of remuneration. The remuneration committee consider the performance measures outlined in the table above to be appropriate measures of performance and that the KPI's chosen align the interests of the directors and shareholders.

Details of remuneration of other company employees can be found in Note 29 to the financial statements. Any differences in the types of remuneration available for directors and other employees reflect common practice and market norms. The bonus targets for general employees of the Group are more focused on annual targets that further the company's interests. The maximum bonus opportunity for employees and directors alike is based on the seniority and responsibility of the role undertaken.

Governance **Remuneration policy**

Remuneration scenarios

An indication of the possible level of remuneration that would be received by each Executive Director in the year commencing 1 January 2020 in accordance with the directors' remuneration policy is shown below.

All performance targets relate to one financial year, and therefore there are no targets which would be impacted by share price appreciation.

Assumptions

Minimum

Consists of base salary, benefits and pension. Base salary, benefits and pension for 2020 are assumed at the levels included in the single total figure remuneration table for the year ended 31 December 2019 on page 32.

On target

Based on the average percentage bonus awarded to the individual in the three years ending on 31 December 2019. As outlined in the policy table above, the remuneration committee has discretion to award bonuses of up to 200% of base salary in any one year (up to 300% in an exceptional year). Base salary, benefits and pension for 2020 are assumed at the levels included in the single total figure remuneration table for the year ended 31 December 2019 on page 32.

Maximum

Based on maximum remuneration receivable of 300% of base salary awarded as bonus in an exceptional year. Base salary, benefits and pension for 2020 are assumed at the levels included in the single total figure remuneration table for the year ended 31 December 2019 on page 32.

Governance **Remuneration policy**

Approach to recruitment remuneration

All appointments to the board are made on merit. The components of a new director's remuneration package (who is recruited within the life of the approved remuneration policy) would comprise base salary, pension, benefits, annual bonus and opportunity to be granted share options as outlined above and the company's approach to such appointments are detailed within the future policy table above. The company will pay such levels of remuneration to new directors that would enable the company to attract appropriately skilled and experienced individuals that is not in the opinion of the remuneration committee excessive. The company has no pre-determined policy for buyouts of previous awards, and each case will be determined on merit, having regard to all relevant circumstances at the time.

Service contracts

All executive directors have full-time contracts of employment with the company. Non-executive directors have contracts of service. No director has a contract of employment or contract of service with the company, its joint venture or associated companies with a fixed term which exceeds twelve months. Directors' notice periods (see page 33 of the annual remuneration report) are set in line with market practice and of a length considered sufficient to ensure an effective handover of duties should a director leave the company. All directors' contracts as amended from time to time, have run from the date of appointment. Service contracts are kept at the registered office.

Policy on payment for loss of office

There are no contractual provisions agreed prior to 27 June 2012 that could impact on a termination payment. Termination payments will be calculated in accordance with the existing contract of employment or service contract. It is the policy of the remuneration committee to issue employment contracts to executive directors with normal commercial terms and without extended terms of notice which could give rise to extraordinary termination payments. The board retains the discretion to make additional (ex-gratia) payments on termination should it be appropriate in all the circumstances.

Consideration of employment conditions elsewhere in the Group

In setting this policy for directors' remuneration the remuneration committee has been mindful of the company's objective to reward all employees fairly according to their role, performance and market forces. In setting the policy for Directors' remuneration the remuneration committee has considered the pay and employment conditions of the other employees within the group. No formal consultation has been undertaken with employees in drawing up the policy. The remuneration committee has not used formal comparison measures.

Consideration of shareholder views

No shareholder views have been taken into account when formulating this policy. In accordance with the new regulations, an ordinary resolution for approval of this policy will be put to shareholders at the AGM in July 2020.

Audit committee report

The committee's terms of reference have been approved by the board and follow published guidelines, which are available from the company secretary. The audit committee comprises the two non-executive directors, Christopher Joll (chairman), an experienced financial PR executive and John Sibbald, a retired chartered accountant.

The Audit Committee's prime tasks are to:

- review the scope of external audit, to receive regular reports from the auditor and to review the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgment and estimation;
 - monitor the controls which are in force to ensure the integrity of the information reported to the shareholders;
 - assess key risks and to act as a forum for discussion of risk issues and contribute to the board's review of the effectiveness of the group's risk management control and processes;
 - act as a forum for discussion of internal control issues and contribute to the board's review of the effectiveness of the group's internal control and risk management systems and processes;
 - consider each year the need for an internal audit function;
- advise the board on the appointment of external auditors and rotation of the audit partner every five years, and on their remuneration for both audit and non-audit work, and discuss the nature and scope of their audit work;
 - participate in the selection of a new external audit partner and agree the appointment when required;
 - undertake a formal assessment of the auditors' independence each year which includes:
 - ~ a review of non-audit services provided to the group and related fees;
 - ~ discussion with the auditors of a written report detailing all relationships with the company and any other parties that could affect independence or the perception of independence;
 - ~ a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
 - ~ obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

Meetings

The committee meets prior to the annual audit with the external auditors to discuss the audit plan and again prior to the publication of the annual results. These meetings are attended by the external audit partner, managing director, director of finance and company secretary. Prior to bi-monthly board meetings the members of the committee meet on an informal basis to discuss any relevant matters which may have arisen. Additional formal meetings are held as necessary.

During the past year the committee:

- met with the external auditors, and discussed their reports to the Audit Committee;
- approved the publication of annual and half-year financial results;
- considered and approved the annual review of internal controls;
- decided that due to the size and nature of operation there was not a current need for an internal audit function;
- agreed the independence of the auditors and approved their fees for both audit related and non-audit services as set out in note 5 to the financial statements.

Governance **Audit committee report**

Financial reporting

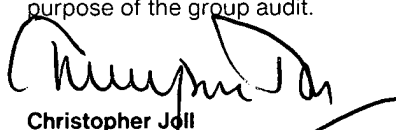
As part of its role, the Audit Committee assessed the audit findings that were considered most significant to the financial statements, including those areas requiring significant judgment and/or estimation. When assessing the identified financial reporting matters, the committee assessed quantitative materiality primarily by reference to profit before tax. The Board also gave consideration to:

- the carrying value of the group's total assets, given that the group operates a principally asset based business;
- the value of revenues generated by the group, given the importance of production;
- Adjusted EBITDA, given that it is a key trading KPI, when determining quantitative materiality; and
- Going concern, given the impact of Covid-19 pandemic subsequent to year end on the Group's operations.

The qualitative aspects of any financial reporting matters identified during the audit process were also considered when assessing their materiality. Based on the considerations set out above we have considered quantitative errors individually or in aggregate in excess of approximately £300,000 to £350,000 to be material.

External Auditors

BDO LLP held office throughout the year. In the United Kingdom the company is provided with extensive administration and accounting services by London & Associated Properties PLC which has its own audit committee and employs a separate firm of external auditors, RSM UK Audit LLP. BDO South Africa Inc. acts as the external auditor to the South African companies, and the work of that firm was reviewed by BDO LLP for the purpose of the group audit.



Christopher Joll
Chairman – audit committee

24 Bruton Place, London W1J 6NE

5 June 2020

Governance

Valuers' certificates

To the directors of Bisichi PLC

In accordance with your instructions we have carried out a valuation of the freehold property interests held as at 31 December 2019 by the company as detailed in our Valuation Report dated 2 March 2020.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2019 of the interests owned by the company was £11,565,000 being made up as follows:

	£'000
Freehold	9,020
Leasehold	2,545
	11,565
Leeds 2 March 2020	Carter Towler Regulated by Royal Institute of Chartered Surveyors

Governance

Directors' responsibilities statement

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 are required to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have elected to prepare the company 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 for 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 with regard to the group financial statements whether they have been prepared in accordance with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements;
- state with regard to the parent company financial statements, whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business; and
- prepare a director's report, a strategic report and director's remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to DTR4

The directors confirm to the best of their knowledge:

- the group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the group.
- the annual report includes a fair review of the development and performance of the business and the financial position of the group and the parent company, together with a description of the principal risks and uncertainties that they face.

Governance

Independent auditor's report to the members of Bisichi Plc

Opinion

We have audited the financial statements of Bisichi Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated balance sheet, the consolidated statement of changes in shareholders' equity, the consolidated cash flow statement, the company balance sheet, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (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 of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 the 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 as applied to listed public interest entities, 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 Group's or the Parent 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Governance Independent auditor's report to the members of Bisichi Plc

Key Audit Matter	How the matter was addressed in our audit
PROPERTY VALUATION The Group holds investment property at fair value (see note 11 and Key judgements and estimates) together with further investment property held at fair value in the Group's Dragon Retail Joint Venture (note 14). The assessment of fair value for the property portfolio is significant judgement taken in the Annual Report and estimates by the Directors, including assessment of independent third party valuations obtained for the portfolio have a significant impact on the results of the Group. Each valuation requires consideration of the individual nature of the property, its location, its cash flows and comparable market transactions. The valuation of these properties requires assessment of the market yield as well as consideration of the current rental agreements. Any significant input inaccuracies or unreasonable bases used in these judgements (such as in respect of estimated rental value and net initial yield applied) could result in a material misstatement. There is also an inherent risk that management may influence valuation judgements. Given these factors, this was considered to be an area of focus for our audit.	We assessed the competency, independence and objectivity of the Group's independent external valuer which included making inquiries regarding interests and relationships that may have created a threat to the valuer's objectivity. We reviewed the scope of the valuations and confirmed that it was in accordance with the Statements of Asset Valuation and Guidance Notes published by The Royal Institution of Chartered Surveyors. We reviewed the independent external valuation reports and confirmed their consistency with the valuations presented in the financial statements. We met with the independent external valuers, who valued all of the Group's investment properties, to understand the assumptions and methodologies used in valuing these properties, the market evidence supporting the valuation assumptions and the valuation movements in the period. We used our knowledge and experience to evaluate and challenge the valuation assumptions, methodologies and the inputs used. This included establishing our own range of expectations for the valuation of investment property based on externally available metrics. We agreed a sample of key observable valuation inputs supplied to and used by the external valuer and Directors to information audited by us, where applicable, or supporting market documentation. We reviewed the disclosures contained within the financial statements, specifically including COVID-19 and the impact on the property portfolio. In particular we reviewed the risk disclosures including the principal risks and uncertainties, as well as the post balance sheet events note.
KEY OBSERVATIONS We found that the key judgments and estimates included in the valuation calculation to be supportable, and the disclosures to be in line with the accounting standards.	

Governance Independent auditor's report to the members of Bisichi Plc

Key Audit Matter	How the matter was addressed in our audit
GOING CONCERN COVID-19 is having an unprecedented impact on the Global economy the predicted impact of which remains unclear. Management have carried out an initial risk assessment and carried out various sensitivities on the cash flow forecast to consider the impact of COVID-19 on the Going Concern assumption. See page 30 for the Group's disclosure on Going Concern including a summary of trade facilities available and how the Director's have assessed it appropriate to continue to adopt the Going Concern basis. Any significant changes in operations or unreasonable cash flow assumptions used could result in the Group not being able to meet its liabilities as they fall due. Given the current impact COVID-19 is having across the capital markets we consider it to be a risk to the Going Concern assumption and an area of focus for our audit.	We inspected the confirmation from the South African Government confirming that Black Wattle Colliery is able to continue production and sale of coal in both the domestic markets and export markets. We performed a detailed review of management's going concern and supporting cash flow forecast, challenging the key operating assumptions based on 2019 and 2020 actual results and external data and market commentary, where possible. We tested the integrity of the forecast model checking the accuracy and completeness of the model, including challenging the appropriateness of estimates and assumptions with reference to empirical data and external evidence with specific focus on the following assumptions: starting cash balance, property prices, rent recoverability, yields achieved, pricing, production levels and exchange rates and assessed their consistency with approved budgets and the mine development plan, as applicable. We discussed the potential impact of COVID-19 with management including their assessment of risks and uncertainties associated with areas such as the Group's workforce, supply chain, production disruption, sales, price volatility and the ability to renew existing facilities under such scenarios. We formed our own assessment of risks and uncertainties based on our understanding of the business and mining sector and compared this to Management's model. We evaluated management's sensitivity analysis and performed our own sensitivity analysis in respect of the key assumptions underpinning the forecasts including specific scenarios associated with COVID-19. Our sensitivity test applied the following: • A 100% reduction in dividends and Management Fees from the South African mining operations and a 5% reduction in pricing • A 30% reduction in property values • A 50% reduction in the recoverability of rent • A 100% reduction in investment income We assessed the reasonableness of any mitigating actions identified by Management by checking these were contractually possible, this included reviewing the group's banking facility contracts to vouch remedial action should covenants be breached. We confirmed the terms of all facilities in place and the consistency of the forecasts with the facilities. We assessed the risk of any covenant breaches under the base case and sensitivity scenarios. We reviewed post year-end operational and financial data comparing it to the current level of operations which the Group maintains. We reviewed the adequacy and completeness of the disclosure included within the financial statements in respect of going concern.

KEY OBSERVATIONS

Our observations in respect of this matter are set out in the Conclusions relating to going concern section above.

Governance Independent auditor's report to the members of Bisichi Plc

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. The Materiality level we have calculated for the Group is £300,000 (2018: £300,000) which equates to 5.4% of adjusted profit before tax (2018: 5% of profit before tax). We consider this to be the most appropriate performance measure as the underlying profit of the Group is a key measure for stakeholders. In FY2019 we adjusted profit before tax to exclude the property revaluation and Director's bonuses.

Materiality	FY2019	FY2018
Materiality for the Group Financial Statements	£300,000	£300,000
Performance Materiality for the Group Financial Statements	£225,000 (75% of Group Materiality)	£225,000 (75% of Group Materiality)
Performance Materiality levels used for the audits of the significant components of the audit	£27,000 to £146,000	£26,000 to £188,000
Materiality for the Parent Company	£135,000 (capped at 45% of Group Materiality)	£220,000 (capped at 75% of Group Materiality)
Performance materiality for the Parent Company	£101,000 (75% of Materiality for the Parent Company)	£165,000 (75% of Materiality for the Parent Company)
Audit scope coverage	100% of total assets, 100% of revenue and 100% of profit before tax	100% of total assets, 100% of revenue and 100% of profit before tax

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We agreed with the Audit Committee that we would report to them all individual audit differences identified during the course of our audit in excess of £15,000 (2018: £15,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group's operations principally comprise property interests in the United Kingdom and an operating mine located in South Africa. We assessed there to be 7 significant components within the Group, comprising the mine in South Africa, corporate accounting function and property companies.

We performed a full scope audit of each of the UK property companies, corporate accounting function and consolidation.

A BDO member firm performed a full scope audit of the mine in South Africa, under our direction and supervision as Group auditors.

Governance **Independent auditor's report to the members of Bisichi Plc**

As part of our audit strategy, as Group auditors:

- Detailed Group reporting instructions were sent to the component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be key audit matters as detailed above), and set out the information required to be reported to the Group audit team.
- We performed a review of the component audit files and held meetings with the component audit team during the planning and completion phases of their audit.
- The Group audit team was actively involved in the direction of the audits performed by the component auditors for Group reporting purposes, along with the consideration of findings and determination of conclusions drawn. We performed our own procedures in respect of the significant risk areas that represented Key Audit Matters in addition to the procedures performed by the component auditor.
- The remaining non-significant companies within the Group were principally subject to analytical review procedures.
- Two of the significant components were joint ventures and we carried out a full scope audit of these entities.

Capability of the audit to detect irregularities including fraud

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006 and IFRS.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations

There are inherent limitations in the audit procedures described above and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report,

we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

Governance Independent auditor's report to the members of Bisichi Plc

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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 and the part of the directors' remuneration report to be audited 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 set out on page 49 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 Group's and 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 Group or 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.

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. This description forms part of our auditor's report.

Other matters which we are required to address

We were reappointed by the members on 11 June 2019 during the AGM to audit the financial statements for the year ending 31 December 2019. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is 32 years, covering the years ending 1987 to 2019.

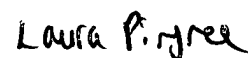
Under the FRC's Ethical Standard we are required to rotate off as the Company's Auditors following the year ended 31 December 2020. During the uninterrupted engagement period, the engagement partner has rotated in accordance with the applicable requirements.

Non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Laura Pingree
(Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom
5 June 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial statements

Consolidated income statement

for the year ended 31 December 2019

		2019	2019	2019	2018	2018	2018
		Trading	Revaluations and impairment	Total	Trading	Revaluations and impairment	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Group revenue	2	48,106	-	48,106	49,945	-	49,945
Operating costs	3	(40,649)	-	(40,649)	(40,857)	-	(40,857)
Operating profit before depreciation, fair value adjustments and exchange movements		7,457	-	7,457	9,088	-	9,088
Depreciation	3	(2,190)	-	(2,190)	(2,113)	-	(2,113)
Operating profit before fair value adjustments and exchange movements	1	5,267	-	5,267	6,975	-	6,975
Exchange losses		(123)	-	(123)	(63)	-	(63)
Decrease in value of investment properties	4	-	(1,480)	(1,480)	-	(215)	(215)
Loss on investments held at fair value		-	(6)	(6)	-	(171)	(171)
Operating profit/(loss)	1	5,144	(1,486)	3,658	6,912	(386)	6,526
Share of (loss)/profit in joint ventures	14	-	20	20	-	(52)	(52)
Profit/(loss) before interest and taxation		5,144	(1,466)	3,678	6,912	(438)	6,474
Interest receivable		28	-	28	126	-	126
Interest payable	7	(679)	-	(679)	(641)	-	(641)
Profit/(loss) before tax	5	4,493	(1,466)	3,027	6,397	(438)	5,959
Taxation	8	(1,592)	160	(1,432)	(1,971)	55	(1,916)
Profit/(loss) for the year		2,901	(1,306)	1,595	4,426	(383)	4,043
Attributable to:							
Equity holders of the company		2,352	(1,306)	1,046	3,697	(383)	3,314
Non-controlling interest	27	549	-	549	729	-	729
Profit/(loss) for the year		2,901	(1,306)	1,595	4,426	(383)	4,043
Profit per share – basic	10			9.80p			31.05p
Profit per share – diluted	10			9.63p			30.85p

Trading gains and losses reflect all the trading activity on mining and property operations and realised gains. Revaluation gains and losses reflects the revaluation of investment properties and other assets within the group and any proportion of unrealised gains and losses within Joint Ventures. The total column represents the consolidated income statement presented in accordance with IAS 1.

Financial statements

Consolidated statement of other comprehensive income

for the year ended 31 December 2019

	2019 £'000	2018 £'000
Profit for the year	1,595	4,043
Other comprehensive income/(expense):		
Items that may be subsequently recycled to the income statement:		
Exchange differences on translation of foreign operations	(49)	(430)
Other comprehensive income for the year net of tax	(49)	(430)
Total comprehensive income for the year net of tax	1,546	3,613
Attributable to:		
Equity shareholders	1,004	2,937
Non-controlling interest	542	676
	1,546	3,613

Financial statements

Consolidated balance sheet

at 31 December 2019

	Notes	2019 £'000	2018 £'000
Assets			
Non-current assets			
Investment properties	11	11,748	13,230
Mining reserves, plant and equipment	12	9,508	8,531
Investments in joint ventures accounted for using equity method	13	1,342	1,322
Other investments at fair value through profit and loss ("FVPL")	13	287	35
Total non-current assets		22,885	23,118
Current assets			
Inventories	16	2,432	1,511
Trade and other receivables	17	7,559	6,837
Corporation tax recoverable		19	19
Investments in listed securities held at FVPL	18	1,119	887
Cash and cash equivalents		7,720	9,221
Total current assets		18,849	18,475
Total assets		41,734	41,593
Liabilities			
Current liabilities			
Borrowings	20	(5,103)	(9,580)
Trade and other payables	19	(7,619)	(7,257)
Current tax liabilities		(457)	(92)
Total current liabilities		(13,179)	(16,929)
Non-current liabilities			
Borrowings	20	(4,141)	(547)
Provision for rehabilitation	21	(1,554)	(1,571)
Lease liabilities	31	(232)	(185)
Deferred tax liabilities	23	(2,071)	(2,226)
Total non-current liabilities		(7,998)	(4,529)
Total liabilities		(21,177)	(21,458)
Net assets		20,557	20,135

Financial statements **Consolidated balance sheet**

	Notes	2019 £'000	2018 £'000
Equity			
Share capital	24	1,068	1,068
Share premium account		258	258
Translation reserve		(2,090)	(2,048)
Other reserves	25	707	707
Retained earnings		19,989	19,584
Total equity attributable to equity shareholders		19,932	19,569
Non-controlling interest	27	625	566
Total equity		20,557	20,135

These financial statements were approved and authorised for issue by the board of directors on 5 June 2020 and signed on its behalf by:

A R Heller
Director

G J Casey
Director

Company Registration No. 112155



Financial statements

Consolidated statement of changes in shareholders' equity

for the year ended 31 December 2019

	Share capital £'000	Share Premium £'000	Translation reserves £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2018	1,068	258	(1,671)	683	16,804	17,142	532	17,674
Profit for the year	-	-	-	-	3,314	3,314	729	4,043
Other comprehensive income	-	-	(377)	-	-	(377)	(53)	(430)
Total comprehensive income for the year	-	-	(377)	-	3,314	2,937	676	3,613
Dividend (note 9)	-	-	-	-	(534)	(534)	(642)	(1,176)
Share options charge	-	-	-	24	-	24	-	24
Balance at 1 January 2019	1,068	258	(2,048)	707	19,584	19,569	566	20,135
Profit for the year	-	-	-	-	1,046	1,046	549	1,595
Other comprehensive expense	-	-	(42)	-	-	(42)	(7)	(49)
Total comprehensive income for the year	-	-	(42)	-	1,046	1,004	542	1,546
Dividend (note 9)	-	-	-	-	(641)	(641)	(483)	(1,124)
Balance at 31 December 2019	1,068	258	(2,090)	707	19,989	19,932	625	20,557

Financial statements

Consolidated cash flow statement

for the year ended 31 December 2019

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Cash flows from operating activities		
Operating profit	3,658	6,526
Adjustments for:		
Depreciation	2,190	2,113
Share based payments	-	24
Unrealised loss/(gain) on investment properties	1,480	215
Loss on investments held at FVPL	6	171
Exchange adjustments	123	63
Cash flow before working capital	7,457	9,112
Change in inventories	(945)	(797)
Change in trade and other receivables	(790)	(894)
Change in trade and other payables	276	742
Cash generated from operations	5,998	8,163
Interest received	28	126
Interest paid	(679)	(598)
Income tax paid	(1,199)	(2,282)
Cash flow from operating activities	4,148	5,409
Cash flows from investing activities		
Acquisition of reserves, property, plant and equipment	(3,172)	(2,881)
Investment in joint venture	-	(500)
Disposal of other investments	-	8
Acquisition of other investments	(490)	-
Cash flow from investing activities	(3,662)	(3,373)
Cash flows from financing activities		
Borrowings drawn	3,818	753
Borrowings and lease liabilities repaid	(6,016)	(19)
Equity dividends paid	(641)	(534)
Minority dividends paid	(483)	(642)
Cash flow from financing activities	(3,322)	(442)
Net increase in cash and cash equivalents	(2,836)	1,594
Cash and cash equivalents at 1 January	5,686	4,065
Exchange adjustment	28	27
Cash and cash equivalents at 31 December	2,878	5,686
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents as presented in the balance sheet	7,720	9,221
Bank overdrafts (secured)	(4,842)	(3,535)
	2,878	5,686

Financial statements

Group accounting policies

for the year ended 31 December 2019

Basis of accounting

The results for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. In applying the group's accounting policies and assessing areas of judgment and

estimation materiality is applied as detailed on page 47 of the Audit Committee Report. The principal accounting policies are described below:

The group financial statements are presented in £ sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise stated.

The functional currency for each entity in the group, and for joint arrangements and associates, is the currency of the country in which the entity has been incorporated. Details of which country each entity has been incorporated can be found in Note 15 for subsidiaries and Note 14 for joint arrangements and associates.

The exchange rates used in the accounts were as follows:

	£1 Sterling: Rand		£1 Sterling: Dollar	
	2019	2018	2019	2018
Year-end rate	18.5759	18.3723	1.3254	1.2690
Annual average	18.4326	17.5205	1.2781	1.3096

Going concern

The group has prepared cash flow forecasts which demonstrate that the group has sufficient resources to meet its liabilities as they fall due for at least the next 12 months from date of signing.

In South Africa, the Covid-19 pandemic continues to have an impact on the Group's South African mining operations. In terms of business continuity, the Group's entities have remained in operation as the entities have been classified as essential businesses. Although the final impact of Covid-19 is uncertain, the directors have assessed the expected range of impact of the pandemic on its cashflow forecasts and have a reasonable expectation that the mine will retain adequate levels of cash to remain in operation for the foreseeable future.

In addition, a structured trade finance facility with Absa Bank Limited for R100million is held by Sisonke Coal Processing (Pty) Limited, a 100% subsidiary of Black

Wattle Colliery (Pty) Limited. This facility comprises of a R100million revolving facility to cover the working capital requirements of the group's South African operations. The facility is renewable annually at 25 January and is secured against inventory, debtors and cash that are held in the group's South African operations. The Directors do not foresee any reason why the facility will not continue to be renewed at the next renewal date, in line with prior periods and based on their banking relationships. As a consequence, the directors believe that the group is well placed to manage its South African business risks successfully.

In the UK, both rental and investment income have been negatively impacted by the pandemic. Although the final impact of the pandemic is uncertain, the directors have assessed the range of expected impact of the pandemic on its UK and Group cashflow forecasts. The forecasts demonstrate that the group has sufficient resources to meet its liabilities as they fall

due for at least the next 12 months from date of signing including those related to the Group's UK Loan facility outlined below.

During the year, a £6 million term loan facility was repaid in December 2019 that was held with Santander Bank PLC. At the same time in December 2019 the Group entered into a new 5 year term facility of £3.9m with Julian Hodge Bank Limited at an initial LTV of 40%. The loan is secured against the company's UK retail property portfolio. The amount repayable on the loan at year end was £3.9million. The debt package has a five year term and is repayable at the end of the term. The interest cost of the loan is 4.0% above LIBOR. Although the final impact of the Covid-19 pandemic on the new facility's banking covenants is uncertain, the directors have a reasonable expectation that the group has adequate financial resources at short notice, including cash and listed equity investments, to ensure the existing facility's covenants are met on an ongoing basis.

Financial statements Group accounting policies

As a result of the banking facilities held as well as the acceptable levels of cash expected to be held by the group over the next 12 months, the Directors believe that the group has adequate resources to continue in operational existence for the foreseeable future and that the group is well placed to manage its business risks. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

International Financial Reporting Standards (IFRS)

The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for accounting periods beginning 1 January 2019.

IFRS 16 'Leases' – IFRS 16 'Leases' was issued by the IASB in January 2017 and is effective for accounting periods beginning on or after 1 January 2019. The new standard will replace IAS 17 'Leases' and will eliminate the classification of leases as either operating leases or finance leases and, instead, introduce a single lessee accounting model. The standard, which has been endorsed by the EU, provides a single lessee accounting model, specifying how leases are recognised, measured, presented and disclosed.

The Group has applied IFRS 16 using the modified retrospective approach resulting in a nil impact on opening equity and retained earnings. The Group's lessor accounting remains unchanged.

A right of use asset of £57,000 related to an operating lease was recognised on transition at 1 January 2019 at a value equal to the lease liability using a discount rate at the date of the initial application. This has been applied using the exemption not to represent the prior reporting period. The related lease liability of £57,000 is

recognised as the present value of the lease payments.

Interest is accrued on the lease liability based on the discount rate and is accounted for in finance costs and subsequent payments are deducted from the lease liability. Subsequently the right of use asset is depreciated over the life of the contract on a straight line basis. In the cashflow statement the principal and interest portion of the lease payments are classified within financing activities and as interest paid respectively. On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 10%.

The aggregate lease liability recognised in the statement of financial position at 1 January 2019 and the Group's operating lease commitment at 31 December 2018 can be reconciled as follows:

	£'000
Operating lease commitment at 31 December 2018	76
Effect of discounting those lease commitments at an annual rate of 10%	(19)
The aggregate lease liability recognised in the statement of financial position at 1 January 2019	57

IFRIC 23 – Uncertainty over income tax treatment.

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. The Group has re-assessed its tax exposure and the key estimates taken in determining the positions recorded for adopting IFRIC 23. The adoption of the interpretation had no material impact on the Group.

The Group has not adopted any Standards or Interpretations in advance of the required implementation dates.

We are committed to improving disclosure and transparency and will continue to work with our different stakeholders to ensure they understand the detail of these accounting changes. We continue to remain committed to a robust financial policy.

Key judgements and estimates

Areas where key estimates and judgements are considered to have a significant effect on the amounts recognised in the financial statements include:

Life of mine and reserves

The directors consider their judgements and estimates surrounding the life of the mine and its reserves to have significant effect on the amounts recognised in the financial statements and to be an area where the financial statements are subject to significant estimation uncertainty. The life of mine remaining is currently estimated at 4 years. This life of mine is based on the group's existing coal reserves including reserves acquired but subject to regulatory approval. The group actively seeks new opportunities to extend the life of mine of its existing mining operations or develop new independent mining operations in South Africa. The life of mine excludes future coal purchases and coal reserve acquisitions. The group's estimates of proven and probable reserves are prepared utilising the South African code for the reporting of exploration results, mineral resources and mineral reserves (the SAMREC code) and

Financial statements Group accounting policies

are subject to assessment by an independent Competent Person experienced in the field of coal geology and specifically opencast and pillar coal extraction. Estimates of coal reserves impact assessments of the carrying value of property, plant and equipment, depreciation calculations and rehabilitation and decommissioning provisions. There are numerous uncertainties inherent in estimating coal reserves and changes to these assumptions may result in restatement of reserves. These assumptions include geotechnical factors as well as economic factors such as commodity prices, production costs and yield.

Depreciation, amortisation of mineral rights, mining development costs and plant & equipment

The annual depreciation/amortisation charge is dependent on estimates, including coal reserves and the related life of mine, expected development expenditure for probable reserves, the allocation of certain assets to relevant ore reserves and estimates of residual values of the processing plant.

The charge can fluctuate when there are significant changes in any of the factors or assumptions used, such as estimating mineral reserves which in turn affects the life of mine or the expected life of reserves.

Estimates of proven and probable reserves are prepared by an independent Competent Person. Assessments of depreciation/amortisation rates against the estimated reserve base are performed regularly. Details of the depreciation/amortisation charge can be found in note 12.

Provision for mining rehabilitation including restoration and decommissioning costs

A provision for future rehabilitation including restoration and decommissioning costs requires estimates and assumptions

to be made around the relevant regulatory framework, the timing, extent and costs of the rehabilitation activities and of the risk free rates used to determine the present value of the future cash outflows. The provisions, including the estimates and assumptions contained therein, are reviewed regularly by management. The group annually engages an independent expert to assess the cost of restoration and final decommissioning as part of management's assessment of the provision. Details of the provision for mining rehabilitation can be found in note 21.

Impairment

Property, plant and equipment representing the group's mining assets in South Africa are reviewed for impairment when there are indicators of impairment. The impairment test is performed using the approved Life of Mine plan and those future cash flow estimates are discounted using asset specific discount rates and are based on expectations about future operations. The impairment test requires estimates about production and sales volumes, commodity prices, proven and probable reserves (as assessed by the Competent Person), operating costs and capital expenditures necessary to extract reserves in the approved Life of Mine plan. Changes in such estimates could impact recoverable values of these assets. Details of the carrying value of property, plant and equipment can be found in note 12.

The impairment test indicated significant headroom as at 31 December 2019 and therefore no impairment is considered appropriate. The key assumptions include: coal prices, including domestic coal prices based on recent pricing and assessment of market forecasts for export coal; production based on proven and probable reserves assessed by the independent Competent Person and yields associated with mining areas

based on assessments by the Competent Person and empirical data. A 11% reduction in average forecast coal prices or a 12% reduction in yield would give rise to a breakeven scenario. However, the directors consider the forecasted yield levels and pricing to be appropriate and supportable best estimates.

Fair value measurements of investment properties

An assessment of the fair value of investment properties, is required to be performed. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged between market participants. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty. The fair value of investment property is set out in note 11, whilst the carrying value of investments in joint ventures which themselves include investment property held at fair value by the joint venture is set out at note 13.

Measurement of development property

The development property included within the group's joint venture investment in West Ealing Projects limited is considered by Management to fall outside the scope of investment property. A property intended for sale in the ordinary course of business or in the process of construction or development for such sale, for example, property acquired exclusively with a view to subsequent disposal in the near future or for development and resale is expected to be recorded under the accounting standard of IAS 2 Inventories.

Financial statements **Group accounting policies**

The directors have discussed the commercial approach with the directors of the underlying joint venture and the current plan is to obtain further planning permission for the development and then sell or to complete the development and sell. The Directors therefore consider the key judgement of accounting treatment of the property development under IAS 2 Inventories to be correct.

IAS 2 Inventories require the capitalised costs to be held at the lower of cost or Net realisable value. At 31 December 2019, the costs capitalised within the development based on a director's appraisal for the property estimated the net realisable value at a surplus over the cost for the development. The directors have reviewed the underlying inputs and key assumptions made in the appraisal and consider them adequate. However, such information is by nature subject to uncertainty. The cost of the development property is set out in note 12.

Basis of consolidation

The group accounts incorporate the accounts of Bisichi PLC and all of its subsidiary undertakings, together with the group's share of the results of its joint ventures. Non-controlling interests in subsidiaries are presented separately from the equity attributable to equity owners of the parent company. On acquisition of a non-wholly owned subsidiary, the non-controlling shareholders' interests are initially measured at the non-controlling interests' proportionate share of the fair value of the subsidiaries net assets. Thereafter, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. For subsequent changes in ownership in a subsidiary that do not result in a loss of control, the

consideration paid or received is recognised entirely in equity.

The definition of control assumes the simultaneous fulfilment of the following three criteria:

- The parent company holds decision-making power over the relevant activities of the investee,
- The parent company has rights to variable returns from the investee, and
- The parent company can use its decision-making power to affect the variable returns.

Investees are analysed for their relevant activities and variable returns, and the link between the variable returns and the extent to which their relevant activities could be influenced in order to ensure the definition is correctly applied.

Revenue

Revenue comprises sales of coal and property rental income. Coal revenue is recognised when the customer has a legally binding obligation to settle under the terms of the contract when the performance obligations have been satisfied, which is once control of the goods has transferred to the buyer at the delivery point. Coal Revenue is measured based on consideration specified in the contract with a customer on a per metric tonne basis.

Export revenue is generally recognised when the product is delivered to the export terminal location specified in the customer contract, at which point control of the goods have been transferred to the customer. Domestic coal revenues are generally recognised on collection by the customer from the mine or from the mine's rail siding when loaded into transport, where the customer pays the transportation costs. Fulfilment costs to satisfy the performance obligations of coal revenues such as transport and loading costs borne by the

group from the mine to the delivery point are recoded in operating costs.

Rental income is recognised in the group income statement on a straight-line basis over the term of the lease. This includes the effect of lease incentives. Service charges recoverable from tenants are recognised over time as the service is rendered.

Expenditure

Expenditure is recognised in respect of goods and services received. Where coal is purchased from third parties at point of extraction the expenditure is only recognised when the coal is extracted and all of the significant risks and rewards of ownership have been transferred.

Investment properties

Investment properties comprise freehold and long leasehold land and buildings. Investment properties are carried at fair value in accordance with IAS 40 'Investment Properties'. Properties are recognised as investment properties when held for long-term rental yields, and after consideration has been given to a number of factors including length of lease, quality of tenant and covenant, value of lease, management intention for future use of property, planning consents and percentage of property leased. Investment properties are revalued annually by professional external surveyors and included in the balance sheet at their fair value. Gains or losses arising from changes in the fair values of assets are recognised in the consolidated income statement in the period to which they relate. In accordance with IAS 40, investment properties are not depreciated. The fair value of the head leases is the net present value of the current head rent payable on leasehold properties until the expiry of the lease.

Financial statements **Group accounting policies**

Mining reserves, plant and equipment and development cost

The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in accordance with agreed specifications. Freehold land included within mining reserves is not depreciated. Other property, plant and equipment is stated at historical cost less accumulated depreciation. The cost recognised includes the recognition of any decommissioning assets related to property, plant and equipment.

The purpose of mine development is to establish secure working conditions and infrastructure to allow the safe and efficient extraction of recoverable reserves. Depreciation on mine development costs is not charged until production commences or the assets are put to use. On commencement of full commercial production, depreciation is charged over the life of the associated mine reserves extractable using the asset on a unit of production basis. The unit of production calculation is based on tonnes mined as a ratio to proven and probable reserves and also includes future forecast capital expenditure. The cost recognised includes the recognition of any decommissioning assets related to mine development.

Post production stripping

In surface mining operations, the group may find it necessary to remove waste materials to gain access to coal reserves prior to and after production commences. Prior to production commencing, stripping costs are capitalised until the point where the overburden has been removed and access to the coal seam commences. Subsequent to production, waste stripping continues as part of extraction process as a mining production activity. There are two benefits accruing to the group from stripping activity during the production phase: extraction of coal that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. Economic coal extracted is accounted for as inventory.

The production stripping costs relating to improved access to further quantities in future periods are capitalised as a stripping activity asset, if and only if, all of the following are met:

- it is probable that the future economic benefit associated with the stripping activity will flow to the group;
- the group can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component or components can be measured reliably.

In determining the relevant component of the coal reserve for which access is improved, the group componentises its mine into geographically distinct sections or phases to which the stripping activities being undertaken within that component are allocated. Such phases are determined based on assessment of factors such as geology and mine planning.

The group depreciates deferred costs capitalised as stripping assets on a unit of production method, with reference the tons mined and reserve of the relevant ore body component or phase. The cost is recognised within Mine development costs within the balance sheet.

Other assets and depreciation

The cost, less estimated residual value, of other property, plant and equipment is written off on a straight-line basis over the asset's expected useful life. This includes the washing plant and other key surface infrastructure. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to the estimated residual values or useful lives are accounted for prospectively. Heavy surface mining and other plant and equipment is depreciated at varying rates depending upon its expected usage.

The depreciation rates generally applied are:

Mining equipment	5 – 10 per cent per annum, but shorter of its useful life or the life of the mine
Motor vehicles	25 – 33 per cent per annum
Office equipment	10 – 33 per cent per annum

Financial statements Group accounting policies

Provisions and contingent liabilities

Provisions are recognised when the group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

A provision for rehabilitation of the mine is initially recorded at present value and the discounting effect is unwound over time as a finance cost. Changes to the provision as a result of changes in estimates are recorded as an increase / decrease in the provision and associated decommissioning asset. The decommissioning asset is depreciated in line with the group's depreciation policy over the life of mine. The provision includes the restoration of the underground, opencast, surface operations and de-commissioning of plant and equipment. The timing and final cost of the rehabilitation is uncertain and will depend on the duration of the mine life and the quantities of coal extracted from the reserves.

Management exercises judgment in measuring the Group's exposures to contingent liabilities through assessing the likelihood that a potential claim or liability will arise and where possible in quantifying the possible range of financial outcomes. Where there is a dispute and where a reliable estimate of the potential liability cannot be made, or where the Group, based on legal advice, considers that it is improbable that there will be an outflow of economic resources, no provision is recognised.

Employee benefits

Share based remuneration

The company operates a share option scheme. The fair value of the share option scheme is determined at the date of grant. This fair value is then expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. The fair value of options granted is calculated

using a binomial or Black-Scholes-Merton model. Payments made to employees on the cancellation or settlement of options granted are accounted for as the repurchase of an equity interest, i.e. as a deduction from equity. Details of the share options in issue are disclosed in the Directors' Remuneration Report on page 32 under the heading Share option schemes which is within the audited part of that report.

Pensions

The group operates a defined contribution pension scheme. The contributions payable to the scheme are expensed in the period to which they relate.

Foreign currencies

Monetary assets and liabilities are translated at year end exchange rates and the resulting exchange rate differences are included in the consolidated income statement within the results of operating activities if arising from trading activities, including inter-company trading balances and within finance cost/income if arising from financing.

For consolidation purposes, income and expense items are included in the consolidated income statement at average rates, and assets and liabilities are translated at year end exchange rates. Translation differences arising on consolidation are recognised in other comprehensive income. Foreign exchange differences on intercompany loans are recorded in other comprehensive income when the loans are not considered as trading balances and are not expected to be repaid in the foreseeable future. Where foreign operations are disposed of, the cumulative exchange differences of that foreign operation are recognised in the consolidated income statement when the gain or loss on disposal is recognised.

Transactions in foreign currencies are translated at the exchange rate ruling on transaction date.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVPL") depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVPL, at the end of each reporting period. The Group applies a simplified approach to measure the credit loss allowance for trade receivables using the lifetime expected credit loss provision. The lifetime expected credit loss is evaluated for each trade receivable taking into account payment history, payments made subsequent to year end and prior to reporting, past default experience and the impact of any other relevant and current observable data. The group applies a general approach on all other receivables classified as financial assets. The general approach recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

Financial statements **Group accounting policies**

Bank loans and overdrafts

Bank loans and overdrafts are included as financial liabilities on the group balance sheet at the amounts drawn on the particular facilities net of the unamortised cost of financing. Interest payable on those facilities is expensed as finance cost in the period to which it relates.

Lease liabilities

For any new contracts entered into the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract contains an identified asset and has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet.

Right-of-use assets, excluding property head leases, have been included in property, plant and equipment and are measured at cost, which is made up of the initial measurement of the lease liability and any initial direct costs incurred by the Group. The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Short term lease liabilities have been included in trade and other payables.

Lease payments included in the measurement of the lease liability are made up of fixed payments and variable payments based on a consumer inflation index. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Lease liabilities that arise for investment properties held under a leasehold interest and accounted for as investment property are initially calculated as the present value of the minimum lease payments, reducing in subsequent reporting periods by the apportionment of payments to the lessor.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Investments

Current financial asset investments and other investments classified as non-current ("The investments") comprise of shares in listed companies. The investments are measured at fair value. Any changes in fair value are recognised in the profit or loss account and accumulated in retained earnings.

Trade receivables

Trade receivables are accounted for at amortised cost. Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate expected credit loss allowances for estimated recoverable amounts as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

Trade payables

Trade payables cost are not interest bearing and are stated at their nominal value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

Other financial assets and liabilities

The groups other financial assets and liabilities not disclosed above are accounted for at amortised cost.

Joint ventures

Investments in joint ventures, being those entities over whose activities the group has joint control, as established by contractual agreement, are included at cost together with the group's share of post-acquisition reserves, on an equity basis. Dividends received are credited against the investment. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant strategic and/or key operating decisions require unanimous consent of the parties sharing control. Control over the arrangement is assessed by the group in accordance with the definition of control under IFRS 10. Loans to joint ventures are classified as non-current assets when they are not expected to be received in the normal working capital cycle. Trading receivables and payables to joint ventures are classified as current assets and liabilities.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and overheads relevant to the stage of production. Cost is determined using the weighted average method. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Financial statements **Group accounting policies**

Impairment

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. This includes mining reserves, plant and equipment and net investments in joint ventures. A review involves determining whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs of disposal and its value in use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken on a cash generating unit basis.

If the carrying amount of an asset exceeds its recoverable amount an asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less cost to sell and value in use) if that is less than the asset's carrying amount. Any change in carrying value is recognised in the comprehensive income statement.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the tax computations, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. In respect of the deferred tax on the revaluation surplus, this is calculated on the basis of the chargeable

gains that would crystallise on the sale of the investment portfolio as at the reporting date. The calculation takes account of indexation on the historical cost of the properties and any available capital losses.

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 group income statement, except when it relates to items charged or credited directly to other comprehensive income, in which case it is also dealt with in other comprehensive income.

Dividends

Dividends payable on the ordinary share capital are recognised as a liability in the period in which they are approved.

Cash and cash equivalents

Cash comprises cash in hand and on-demand deposits. Cash and cash equivalents comprises short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and original maturities of three months or less. The cash and cash equivalents shown in the cashflow statement are stated net of bank overdrafts that are repayable on demand as per IAS 7. This includes the structured trade finance facility held in South Africa as detailed in note 22. These facilities are considered to form an integral part of the treasury management of the group and can fluctuate from positive to negative balances during the period.

Segmental reporting

For management reporting purposes, the group is organised into business segments distinguishable by economic activity. The group's material business segments are mining activities and investment properties. These business segments are subject to risks and returns that are different from those of other business segments and are the primary basis on which the group reports its segment information. This is consistent with the way the group is managed and with the format of the group's internal financial reporting. Significant revenue from transactions with any individual customer, which makes up 10 percent or more of the total revenue of the group, is separately disclosed within each segment. All coal exports are sales to coal traders at Richard Bay's terminal in South Africa with the risks and rewards passing to the coal trader at the terminal. Whilst the coal traders will ultimately sell the coal on the international markets the Company has no visibility over the ultimate destination of the coal. Accordingly, the export sales are recorded as South African revenue.

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Notes to the financial statements

for the year ended 31 December 2019

1. SEGMENTAL REPORTING

	2019			
Business analysis	Mining £'000	Property £'000	Other £'000	Total £'000
Significant revenue customer A	32,424	-	-	32,424
Significant revenue customer B	10,985	-	-	10,985
Other revenue	3,295	1,290	112	4,697
Segment revenue	46,704	1,290	112	48,106
Operating (loss)/profit before fair value adjustments & exchange movements	4,327	832	108	5,267
Revaluation of investments & exchange movements	(123)	(1,480)	(6)	(1,609)
Operating profit and segment result	4,204	(648)	102	3,658
Segment assets	18,577	12,927	1,138	32,642
Unallocated assets				
- Non-current assets				30
- Cash & cash equivalents				7,720
Total assets excluding investment in joint ventures and assets held for sale				40,392
Segment liabilities	(9,385)	(2,382)	(166)	(11,933)
Borrowings	(5,485)	(3,759)	-	(9,244)
Total liabilities	(14,870)	(6,141)	(166)	(21,177)
Net assets				19,215
Non segmental assets				
- Investment in joint ventures				1,342
Net assets as per balance sheet				20,557

	United Kingdom £'000	South Africa £'000	Total £'000
Geographic analysis			
Revenue	1,402	46,704	48,106
Operating profit/(loss) and segment result	(616)	4,274	3,658
Non-current assets excluding investments	11,778	9,477	21,255
Total net assets	15,505	5,052	20,557
Capital expenditure	34	3,234	3,268

Financial statements Notes to the financial statements

1. SEGMENTAL REPORTING CONTINUED

	2018			
	Mining £'000	Property £'000	Other £'000	Total £'000
Business analysis				
Significant revenue customer A	34,112	-	-	34,112
Significant revenue customer B	11,557	-	-	11,557
Other revenue	2,997	1,232	47	4,276
Segment revenue	48,666	1,232	47	49,945
Operating (loss)/profit before fair value adjustments & exchange movements	6,093	838	44	6,975
Revaluation of investments & exchange movements	(63)	(215)	(171)	(449)
Operating profit and segment result	6,030	623	(127)	6,526
Segment assets	15,809	14,333	906	31,048
Unallocated assets				
- Non-current assets				2
- Cash & cash equivalents				9,221
Total assets excluding investment in joint ventures and assets held for sale				40,271
Segment liabilities	(8,729)	(2,392)	(210)	(11,331)
Borrowings	(4,287)	(5,840)	-	(10,127)
Total liabilities	(13,016)	(8,232)	(210)	(21,458)
Net assets				18,813
Non segmental assets				
- Investment in joint ventures				1,322
Net assets as per balance sheet				20,135
	United Kingdom £'000	South Africa £'000		Total £'000
Geographic analysis				
Revenue	1,279	48,666		49,945
Operating profit/(loss) and segment result	441	6,085		6,526
Non-current assets excluding investments	13,231	8,530		21,761
Total net assets	15,567	4,568		20,135
Capital expenditure	17	2,864		2,881

Financial statements Notes to the financial statements

2. REVENUE

	2019 £'000	2018 £'000
Revenue from contracts with customers:		
Coal Sales	46,704	48,666
Service charges recoverable from tenants	181	137
Other:		
Rental income	1,109	1,095
Other revenue	112	47
Revenue	48,106	49,945

Segmental mining revenue is derived principally from coal sales and is recognised once the control of the goods has transferred from the group to the buyer. Segmental property revenue is derived from rental income and service charges recoverable from tenants. This is consistent with the revenue information disclosed for each reportable segment (see note 1). Rental income is recognised on a straight-line basis over the term of the lease. Service charges recoverable from tenants are recognised over time as the service is rendered. Revenue is measured based on the consideration specified in the contract with the customer or tenant.

3. OPERATING COSTS

	2019 £'000	2018 £'000
Mining	33,468	34,443
Property	399	338
Cost of sales	33,867	34,781
Administration	8,972	8,189
Operating costs	42,839	42,970
The direct property costs are:		
Direct property expense	358	308
Bad debts	41	30
	399	338

Operating costs above include depreciation of £2,190,000 (2018: £2,113,000).

4. (LOSS)/GAIN ON REVALUATION OF INVESTMENT PROPERTIES

The reconciliation of the investment (deficit)/surplus to the gain on revaluation of investment properties in the income statement is set out below:

	2019 £'000	2018 £'000
Investment (deficit)/surplus	(1,478)	(248)
Gain/(Loss) on valuation movement in respect of head lease payments	(2)	33
Loss on revaluation of investment properties	(1,480)	(215)

Financial statements **Notes to the financial statements**

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2019	2018
	£'000	£'000
Staff costs (see note 29)	7,783	7,335
Depreciation	2,190	2,113
Exchange loss	123	63
Fees payable to the company's auditor for the audit of the company's annual accounts	61	56
Fees payable to the company's auditor and its associates (2018: affiliate) for other services:		
The audit of the company's subsidiaries pursuant to legislation	28	22
Audit related services	1	1
Non-audit related services	7	6

The directors consider the auditors were best placed to provide the above non-audit and audit related services which refer to regulatory matters. The audit committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

6. DIRECTORS' EMOLUMENTS

Directors' emoluments are shown in the Directors' remuneration report on page 32 which is within the audited part of that report.

7. INTEREST PAYABLE

	2019	2018
	£'000	£'000
On bank overdrafts and bank loans	655	539
Unwinding of discount	-	43
Lease liabilities	15	-
Other interest payable	9	59
Interest payable	679	641

8. TAXATION

	2019	2018
	£'000	£'000
(a) Based on the results for the year:		
Current tax - UK	-	-
Current tax - Overseas	1,570	2,026
Corporation tax - adjustment in respect of prior year - UK	(2)	(19)
Current tax	1,568	2,007
Deferred tax	(136)	(91)
Total tax in income statement charge	1,432	1,916

Financial statements Notes to the financial statements

8. TAXATION CONTINUED

	2019 £'000	2018 £'000
(b) Factors affecting tax charge for the year:		
The corporation tax assessed for the year is different from that at the standard rate of corporation tax in the United Kingdom of 19.00% (2018: 19%).		
The differences are explained below:		
Profit on ordinary activities before taxation	3,027	5,959
Tax on profit on ordinary activities at 19.00% (2018: 19.00%)	575	1,132
Effects of:		
Expenses not deductible for tax purposes	-	56
Adjustment to tax rate	463	623
Other differences	396	124
Adjustment in respect of prior years	(2)	(19)
Total tax in income statement (credit) / charge	1,432	1,916
(c) Analysis of United Kingdom and overseas tax:		
United Kingdom tax included in above:		
Corporation tax	-	-
Adjustment in respect of prior years	-	(19)
Current tax	-	(19)
Deferred tax	(176)	(175)
	(176)	(194)
Overseas tax included in above:		
Current tax	1,570	2,026
Adjustment in respect of prior years	(2)	-
Current tax	1,568	2,026
Deferred tax	40	84
	1,608	2,110

Overseas tax is derived from the group's South African mining operation. Refer to note 1 for a report on the groups' mining and South African segmental reporting. The adjustment to tax rate arises due to the corporation tax rate assessed in South Africa for the year being different from that in the UK. The South African rate assessed is 28% (2018: 28%).

9. SHAREHOLDER DIVIDENDS

	2019 Per share	2019 £'000	2018 Per share	2018 £'000
Dividends paid during the year relating to the prior period	6.00p	641	5.00p	534
Dividends relating to the current period:				
Interim dividend for 2019 paid on 14 February 2020	1.00p	107	1.00p	107
Proposed final dividend for 2019	-	-	3.00p	320
Proposed special dividend for 2019	-	-	2.00p	214
	1.00p	107	6.00p	641

The dividends relating to the current period are not accounted for until they have been approved at the Annual General Meeting. The amount, in respect of 2019, will be accounted for as an appropriation of retained earnings in the year ending 31 December 2020.

Financial statements **Notes to the financial statements**

10. PROFIT AND DILUTED PROFIT PER SHARE

Both the basic and diluted profit per share calculations are based on a profit after tax of £1,046,000 (2018: £3,314,000). The basic profit per share has been calculated on a weighted average of 10,676,839 (2018: 10,676,839) ordinary shares being in issue during the period. The diluted profit per share has been calculated on the weighted average number of shares in issue of 10,676,839 (2018: 10,676,839) plus the dilutive potential ordinary shares arising from share options of 183,920 (2018: 67,350) totalling 10,860,759 (2018: 10,744,189).

11. INVESTMENT PROPERTIES

	Freehold £'000	Long Leasehold £'000	Head Lease £'000	Total £'000
Valuation at 1 January 2019	10,350	2,695	185	13,230
Revaluation	(1,330)	(150)	(2)	(1,482)
Valuation at 31 December 2019	9,020	2,545	182	11,748
Valuation at 1 January 2018	10,550	2,695	152	13,397
Addition	15	-	-	15
Revaluation	(215)	-	33	(182)
Valuation at 31 December 2018	10,350	2,695	185	13,230
Historical cost				
At 31 December 2019	5,851	728	-	6,579
At 31 December 2018	5,851	728	-	6,579

Long leasehold properties are those for which the unexpired term at the balance sheet date is not less than 50 years. All investment properties are held for use in operating leases and all properties generated rental income during the period.

Freehold and Long Leasehold properties were externally professionally valued at 31 December on an open market basis by:

	2019 £'000	2018 £'000
Carter Towler	11,565	13,045

The valuations were carried out in accordance with the Statements of Asset Valuation and Guidance Notes published by The Royal Institution of Chartered Surveyors.

Each year external valuers are appointed by the Executive Directors on behalf of the Board. The valuers are selected based upon their knowledge, independence and reputation for valuing assets such as those held by the group.

Valuations are performed annually and are performed consistently across all investment properties in the group's portfolio. At each reporting date appropriately qualified employees of the group verify all significant inputs and review the computational outputs. Valuers submit their report to the Board on the outcome of each valuation round.

Valuations take into account tenure, lease terms and structural condition. The inputs underlying the valuations include market rent or business profitability, likely incentives offered to tenants, forecast growth rates, yields, EBITDA, discount rates, construction costs including any specific site costs (for example section 106), professional fees, developer's profit including contingencies, planning and construction timelines, lease regear costs, planning risk and sales prices based on known market transactions for similar properties to those being valued.

Valuations are based on what is determined to be the highest and best use. When considering the highest and best use a valuer will consider, on a property by property basis, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer will consider the cost and likelihood of achieving and implanting this change in arriving at its valuation.

Financial statements Notes to the financial statements

11. INVESTMENT PROPERTIES CONTINUED

There are often restrictions on Freehold and Leasehold property which could have a material impact on the realisation of these assets. The most significant of these occur when planning permission or lease extension and renegotiation of use are required or when a credit facility is in place. These restrictions are factored in the property's valuation by the external valuer.

IFRS 13 sets out a valuation hierarchy for assets and liabilities measured at fair value as follows:

Level 1: valuation based on inputs on quoted market prices in active markets

Level 2: valuation based on inputs other than quoted prices included within level 1 that maximise the use of observable data directly or from market prices or indirectly derived from market prices.

Level 3: where one or more significant inputs to valuations are not based on observable market data

The inter-relationship between key unobservable inputs and the groups' properties is detailed in the table below:

Class of property	Valuation technique	Key unobservable inputs	Carrying/ fair value 2019 £'000	Carrying/ fair value 2018 £'000	Range (weighted average) 2019	Range (weighted average) 2018
Freehold – external valuation	Income capitalisation	Estimated rental value per sq ft p.a	9,020	10,350	£7 – £26 (£19)	£7 – £28 (£20)
		Equivalent Yield			8.4% – 13.8% (10.7%)	8.4% – 11.8% (9.3%)
Long leasehold – external valuation	Income capitalisation	Estimated rental value per sq ft p.a	2,545	2,695	£8 – £8 (£8)	£8 – £8 (£8)
		Equivalent yield			8.2% – 8.2% (8.2%)	7.9% – 7.9% (7.9%)
At 31 December 2019			11,565	13,045		

There are interrelationships between all these inputs as they are determined by market conditions. The existence of an increase in more than one input would be to magnify the input on the valuation. The impact on the valuation will be mitigated by the interrelationship of two inputs in opposite directions, for example, an increase in rent may be offset by an increase in yield.

The table below illustrates the impact of changes in key unobservable inputs on the carrying / fair value of the group's properties:

	Estimated rental value 10% increase or decrease		Equivalent yield 25 basis point contraction or expansion	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Freehold – external valuation	902 / (902)	1,035 / (1,035)	235 / (223)	331 / (311)
Long Leasehold – external valuation	255 / (255)	270 / (270)	80 / (76)	90 / (85)

Financial statements Notes to the financial statements

12. MINING RESERVES, PLANT AND EQUIPMENT

	Mining reserves £'000	Mining development and costs £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost at 1 January 2019	1,240	26,148	253	163	27,804
Exchange adjustment	(14)	(293)	(1)	(2)	(310)
Additions	-	3,131	123	14	3,268
Disposals	-	(2,312)	(14)	-	(2,326)
Cost at 31 December 2019	1,226	26,674	361	175	28,436
Accumulated depreciation at 1 January 2019	1,213	17,777	151	132	19,273
Exchange adjustment	(14)	(193)	(1)	(1)	(209)
Charge for the year	13	2,133	35	9	2,190
Disposals	-	(2,312)	(14)	-	(2,326)
Accumulated depreciation at 31 December 2019	1,212	17,405	171	140	18,928
Net book value at 31 December 2019	14	9,269	190	35	9,508
Cost at 1 January 2018	1,367	25,902	200	158	27,627
Exchange adjustment	(127)	(2,531)	(22)	(9)	(2,689)
Additions	-	2,777	75	14	2,866
Disposals	-	-	-	-	-
Cost at 31 December 2018	1,240	26,148	253	163	27,804
Accumulated depreciation at 1 January 2018	1,309	17,441	135	129	19,014
Exchange adjustment	(122)	(1,712)	(14)	(6)	(1,854)
Charge for the year	26	2,048	30	9	2,113
Disposals	-	-	-	-	-
Accumulated depreciation at 31 December 2018	1,213	17,777	151	132	19,273
Net book value at 31 December 2018	27	8,371	102	31	8,531

Financial statements Notes to the financial statements

12. MINING RESERVES, PLANT AND EQUIPMENT CONTINUED

Included in the above line items are right-of-use assets over the following:

	Mining equipment £'000	Motor vehicles £'000	Total £'000
Net book value at 1 January 2019	-	-	-
IFRS 16 Reclassification	57	-	57
Additions	5	33	38
Exchange adjustment	(1)	-	(1)
Depreciation	(9)	(4)	(13)
Net book value at 31 December 2019	52	29	81

13. INVESTMENTS HELD AS NON-CURRENT ASSETS

	2019 Net investment in joint ventures assets £'000	2019 Other £'000	2018 Net investment in joint ventures assets £'000	2018 Other £'000
At 1 January	1,322	35	874	51
Share of (loss)/gain in investment	-	(3)	-	(15)
Additions	-	255	500	-
Exchange adjustment	-	-	-	(1)
Share of (loss)/gain in joint ventures	20	-	(52)	-
Net assets at 31 December	1,342	287	1,322	35
			2019 £'000	2018 £'000
Net book value of unquoted investments			-	-
Net book and market value of investments listed on overseas stock exchanges			287	35
			287	35

Financial statements **Notes to the financial statements**

14. JOINT VENTURES

Dragon Retail Properties Limited

The company owns 50% of the issued share capital of Dragon Retail Properties Limited, an unlisted property investment company. At year end, the carrying value of the investment held by the group was £806,000 (2018: £815,000). The remaining 50% is held by London & Associated Properties PLC. Dragon Retail Properties Limited is incorporated in England and Wales and its registered address is 24 Bruton Place, London, W1J 6NE. It has issued share capital of 500,000 (2017: 500,000) ordinary shares of £1 each. No dividends were received during the period.

West Ealing Projects Limited

The company owns 50% of the issued share capital of West Ealing Projects Limited, an unlisted property development company. At year end, the carrying value of the investment held by the group was £536,000 (2018: £507,000). The remaining 50% is held by London & Associated Properties PLC. West Ealing Projects Limited is incorporated in England and Wales and its registered address is 24 Bruton Place, London, W1J 6NE. It has issued share capital of 1,000,000 (2018: £1,000,000) ordinary shares of £1 each. No dividends were received during the period.

	Dragon 50% £'000	West Ealing 50% £'000	2019 £'000	Dragon 50% £'000	West Ealing 50% £'000	2018 £'000
Turnover	-	75	75	83	12	95
Profit and loss:						
(Loss)/Profit before depreciation, interest and taxation	17	37	54	(53)	8	(45)
Depreciation and amortisation	(7)	-	(7)	(6)	-	(6)
(Loss)/Profit before interest and taxation	10	37	47	(59)	8	(51)
Interest Income	-	-	-	51	-	51
Interest expense	(17)	-	(17)	(68)	-	(68)
(Loss)/Profit before taxation	(7)	37	30	(76)	8	(68)
Taxation	(2)	(8)	(10)	17	(1)	16
(Loss)/Profit after taxation	(9)	29	20	(59)	7	(52)
Balance sheet						
Non-current assets	1,229	-	1,229	1,235	-	1,235
Cash and cash equivalents	52	11	63	45	22	67
Property inventory	-	3,333	3,333	-	3,099	3,099
Other current assets	172	29	201	207	39	246
Other current liabilities	(40)	(1,034)	(1,074)	(73)	(951)	(1,024)
Net current assets	184	2,339	2,523	179	2,209	2,388
Non-current borrowings	(588)	(1,803)	(2,391)	(582)	(1,702)	(2,284)
Other non-current liabilities	(19)	-	(19)	(17)	-	(17)
Share of net assets at 31 December	806	536	1,342	815	507	1,322

Financial statements **Notes to the financial statements**

15. SUBSIDIARY COMPANIES

The company owns the following ordinary share capital of the subsidiaries which are included within the consolidated financial statements:

	Activity	Percentage of share capital	Registered address	Country of incorporation
Directly held:				
Mineral Products Limited	Share dealing	100%	24 Bruton Place, London, W1J6NE	England and Wales
Bisichi (Properties) Limited	Property	100%	24 Bruton Place, London, W1J6NE	England and Wales
Bisichi Northampton Limited	Property	100%	24 Bruton Place, London, W1J6NE	England and Wales
Bisichi Trustee Limited	Property	100%	24 Bruton Place, London, W1J6NE	England and Wales
Urban First (Northampton) Limited	Property	100%	24 Bruton Place, London, W1J6NE	England and Wales
Bisichi Mining (Exploration) Limited	Holding company	100%	24 Bruton Place, London, W1J6NE	England and Wales
Ninghi Marketing Limited	Dormant	90.1%	24 Bruton Place, London, W1J6NE	England and Wales
Bisichi Mining Managements Services Limited	Dormant	100%	24 Bruton Place, London, W1J6NE	England and Wales
Bisichi Coal Mining (Pty) Limited	Coal mining	100%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Indirectly held:				
Black Wattle Colliery (Pty) Limited	Coal mining	62.5%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Sisonke Coal Processing (Pty) Limited	Coal processing	62.5%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Black Wattle Klipfontein (Pty) Limited	Coal mining	62.5%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa
Amandla Ehtu Mineral Resource Development (Pty) Limited	Dormant	70%	Samora Machel Street, Bethal Road, Middelburg, Mpumalanga, 1050	South Africa

Details on the non-controlling interest in subsidiaries are shown under note 27.

16. INVENTORIES

	2019 £'000	2018 £'000
Coal		
Washed	2,037	777
Mining Production	135	316
Work in progress	215	378
Other	45	40
	2,432	1,511

Financial statements **Notes to the financial statements**

17. TRADE AND OTHER RECEIVABLES

	2019	2018
	£'000	£'000
Financial assets falling due within one year:		
Trade receivables	5,922	5,311
Amount owed by joint venture	840	752
Other receivables	714	337
Non-financial instruments falling due within one year:		
Prepayments and accrued income	83	437
	7,559	6,837

Financial assets falling due within one year are held at amortised cost. The fair value of trade and other receivables approximates their carrying amounts. The Group applies a simplified approach to measure the credit loss allowance for trade receivables using the lifetime expected credit loss provision. The lifetime expected credit loss is evaluated for each trade receivable taking into account payment history, payments made subsequent to year end and prior to reporting, past default experience and the impact of any other relevant and current observable data. The group applies a general approach on all other receivables classified as financial assets. At year end, the group allowance for doubtful debts provided against trade receivables was £23,000 (2018: £12,000).

18. INVESTMENTS IN LISTED SECURITIES HELD AT FVPL

	2019	2018
	£'000	£'000
Market value of listed Investments:		
Listed in Great Britain	863	847
Listed outside Great Britain	256	40
	1,119	887
Original cost of listed investments	1,150	916
Unrealised surplus / deficit of market value versus cost	(31)	(29)

19. TRADE AND OTHER PAYABLES

	2019	2018
	£'000	£'000
Trade payables	3,902	3,949
Amounts owed to joint ventures	148	192
Lease liabilities (Note 31)	30	-
Other payables	1,926	1,791
Accruals	1,400	1,089
Deferred Income	213	236
	7,619	7,257

Financial statements Notes to the financial statements

20. FINANCIAL LIABILITIES – BORROWINGS

	Current		Non-current	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank overdraft (secured)	4,842	3,535	-	-
Bank loan (secured)	261	6,045	4,141	547
	5,103	9,580	4,141	547
			2019 £'000	2018 £'000
Bank overdraft and loan instalments by reference to the balance sheet date:				
Within one year			5,103	9,580
From one to two years			270	223
From two to five years			3,871	324
			9,244	10,127
Bank overdraft and loan analysis by origin:				
United Kingdom			3,759	5,840
Southern Africa			5,485	4,287
			9,244	10,127

In South Africa, as part of a restructuring and sale of the washing plant facilities from Black Wattle Colliery (Pty) Limited ("Black Wattle") to its wholly owned subsidiary Sisonke Coal Processing (Pty) Limited ("Sisonke Coal Processing"), the R100million bank overdraft facility held by Black Wattle with Absa Bank Limited was replaced in January 2019 by a new structured trade finance facility for R100million held by Sisonke Coal Processing ("new trade facility"). The South African bank loans are secured by way of a first charge over specific pieces of mining equipment, inventory and the debtors of the relevant company which holds the loan which are included in the financial statements at a value of £10,533,000.

In December 2019, the group repaid its £5.84million loan facility with Santander Bank PLC and signed a new £3.96million term loan facility with Julian Hodge Bank Limited. The new debt package has a five year term and is repayable at the end of the term in December 2024. The interest cost of the loan is 4.00% above LIBOR. The loan is secured by way of a first charge over the investment properties in the UK which are included in the financial statements at a value of £11,565,000. No banking covenants were breached by the group during the year.

Consistent with others in the mining and property industry, the group monitors its capital by its gearing levels. This is calculated as the total bank loans and overdraft less remaining cash and cash equivalents as a percentage of equity. At year end the gearing of the group was calculated as follows:

	2019 £'000	2018 £'000
Total bank loans and overdraft	9,244	10,127
Less cash and cash equivalents (excluding overdraft)	(7,720)	(9,221)
Net debt	1,524	906
Total equity attributable to shareholders of the parent	19,932	19,569
Gearing	7.6%	4.6%

Financial statements **Notes to the financial statements**

20. FINANCIAL LIABILITIES – BORROWINGS CONTINUED

Analysis of the changes in liabilities arising from financing activities:

	Bank borrowings £'000	Bank overdrafts £'000	Lease liabilities £'000	2019 £'000	Bank borrowings £'000	Bank overdrafts £'000	Lease liabilities £'000	2018 £'000
Balance at 1 January	6,592	3,535	185	10,312	5,898	1,262	152	7,312
Exchange adjustments	(8)	(49)	-	(57)	(40)	(233)	-	(273)
Cash movements excluding exchange adjustments	(2,182)	1,356	(16)	(842)	734	2,506	-	3,240
Valuation movements	-	-	93	93	-	-	33	33
Balance at 31 December	4,402	4,842	262	9,506	6,592	3,535	185	10,312

21. PROVISION FOR REHABILITATION

	2019 £'000	2018 £'000
As at 1 January	1,571	1,349
Exchange adjustment	(17)	(150)
Increase in provision	-	329
Unwinding of discount	-	43
As at 31 December	1,554	1,571

22. FINANCIAL INSTRUMENTS

Total financial assets and liabilities

The group's financial assets and liabilities are as follows, representing both the fair value and the carrying value:

	Financial Assets measured at amortised cost £'000	Financial Liabilities measured at amortised cost £'000	Investments held at FVPL £'000	2019 £'000	Financial Assets measured at amortised cost £'000	Financial Liabilities measured at amortised cost £'000	Investments held at FVPL £'000	2018 £'000
Cash and cash equivalents	7,720	-	-	7,720	9,221	-	-	9,221
Non-current other investments held at FVPL	-	-	287	287	-	-	35	35
Investments in listed securities held at FVPL	-	-	1,119	1,119	-	-	887	887
Trade and other receivables	7,476	-	-	7,476	6,400	-	-	6,400
Bank borrowings and overdraft	-	(9,244)	-	(9,244)	-	(10,127)	-	(10,127)
Lease Liabilities	-	(262)	-	(262)	-	(185)	-	(185)
Other liabilities	-	(7,833)	-	(7,833)	-	(7,113)	-	(7,113)
	15,196	(17,339)	1,406	(737)	15,621	(17,425)	922	(882)

Financial statements Notes to the financial statements

22. FINANCIAL INSTRUMENTS CONTINUED

Investments in listed securities held at fair value through profit and loss fall under level 1 of the fair value hierarchy into which fair value measurements are recognised in accordance with the levels set out in IFRS 7. The comparative figures for 2018 fall under the same category of financial instrument as 2019.

The carrying amount of short term (less than 12 months) trade receivable and other liabilities approximate their fair values. The fair value of non-current borrowings in note 20 approximates its carrying value and was determined under level 2 of the fair value hierarchy and is estimated by discounting the future contractual cash flows at the current market interest rates for UK borrowings and for the South African overdraft facility. The fair value of the lease liabilities in note 31 approximates its carrying value and was determined under level 2 of the fair value hierarchy and is estimated by discounting the future contractual cash flows at the current market interest rates.

Treasury policy

Although no derivative transactions were entered into during the current and prior year, the group may use derivative transactions such as interest rate swaps and forward exchange contracts as necessary in order to help manage the financial risks arising from the group's activities. The main risks arising from the group's financing structure are interest rate risk, liquidity risk, market risk, credit risk, currency risk and commodity price risk. There have been no changes during the year of the main risks arising from the group's finance structure. The policies for managing each of these risks and the principal effects of these policies on the results are summarised below.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cashflows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the group uses. Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the group. Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets and loans to joint ventures. Interest bearing borrowings comprise bank loans, bank overdrafts and variable rate finance lease obligations. The rates of interest vary based on LIBOR in the UK and PRIME in South Africa.

As at 31 December 2019, with other variables unchanged, a 1% increase or decrease in interest rates, on investments and borrowings whose interest rates are not fixed, would respectively change the profit/loss for the year by £107,000 (2018: £101,000). The effect on equity of this change would be an equivalent decrease or increase for the year of £107,000 (2018: £101,000).

Liquidity risk

The group's policy is to minimise refinancing risk. Efficient treasury management and strict credit control minimise the costs and risks associated with this policy which ensures that funds are available to meet commitments as they fall due. As at year end the group held borrowing facilities in the UK in Bisichi PLC and in South Africa in Black Wattle Colliery (Pty) Ltd.

The following table sets out the maturity profile of contractual undiscounted cash flows of financial liabilities as at 31 December:

	2019 £'000	2018 £'000
Within one year	13,183	17,329
From one to two years	458	290
From two to five years	4,304	392
Beyond five years	135	127
	18,080	18,138

The following table sets out the maturity profile of contractual undiscounted cash flows of financial liabilities as at 31 December maturing within one year:

	2019 £'000	2018 £'000
Within one month	10,164	3,627
From one to three months	2,120	3,117
From four to twelve months	899	10,585
	13,183	17,329

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22. FINANCIAL INSTRUMENTS CONTINUED

In South Africa, as part of the restructuring and sale of the washing plant facilities from Black Wattle Colliery (Pty) Limited ("Black Wattle") to its wholly owned subsidiary Sisonke Coal Processing (Pty) Limited ("Sisonke Coal Processing"), the R100million facility held by Black Wattle with Absa Bank Limited was replaced in January 2019 by a new structured trade finance facility for R100million held by Sisonke Coal Processing ("new trade facility").

The new trade facility comprises of a R100million revolving facility to cover the working capital requirements of the group's South African operations. The interest cost of the loan is at the South African prime lending rate. The facility is renewable annually each January, is repayable on demand and is secured against inventory, debtors and cash that are held by Sisonke Coal Processing (Pty) Limited. The facility is included in cash and cash equivalents within the cashflow statement.

In December 2019, the group repaid its £5.84million loan facility with Santander Bank PLC and signed a new £3.96million term loan facility with Julian Hodge Bank Limited. The loan is secured against the group's UK retail property portfolio. The debt package has a five year term and is repayable at the end of the term in December 2024. The interest cost of the loan is 4.00% above LIBOR.

As a result of the above agreed banking facilities, the Directors believe that the group is well placed to manage its liquidity risk.

Credit risk

The group is mainly exposed to credit risk on its cash and cash equivalents, trade and other receivables and amounts owed by joint ventures as per the balance sheet. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet which at year end amounted to £15,173,000 (2018: £15,621,000).

To mitigate risk on its cash and cash equivalents, the group only deposits surplus cash with well-established financial institutions of high quality credit standing.

The group's credit risk is primarily attributable to its trade receivables. Trade debtor's credit ratings are reviewed regularly. The Group's review includes measures such as the use of external ratings and establishing purchase limits for each customer. The group had amounts due from its significant revenue customers at the year end that represented 73% (2018: 92%) of the trade receivables balance. These amounts have been subsequently settled. The Group approach to measure the credit loss allowance for trade receivables is outlined in note 17. At year end, the group allowance for doubtful debts provided against trade receivables was £21,000 (2019: £12,000). As at year end the amount of trade receivables held past due date less credit loss allowances was £23,000 (2019: £17,000). To date, the amount of trade receivables held past due date less credit loss allowances that has not subsequently been settled is £14,000 (2018: £14,000). Management have no reason to believe that this amount will not be settled.

The Group exposure to credit risk on its loans to joint ventures and other receivables is mitigated through ongoing review of the underlying performance and resources of the counterparty including evaluation of different scenarios of probability of default and expected loss applicable to each of the underlying balances.

Financial assets maturity

On 31 December 2019, cash at bank and in hand amounted to £7,697,000 (2018: £9,221,000) which is invested in short term bank deposits maturing within one year bearing interest at the bank's variable rates. Cash and cash equivalents all have a maturity of less than 3 months.

Foreign exchange risk

All trading is undertaken in the local currencies except for certain export sales which are invoiced in dollars. It is not the group's policy to obtain forward contracts to mitigate foreign exchange risk on these contracts as payment terms are within 15 days of invoice or earlier. Funding is also in local currencies other than inter-company investments and loans and it is also not the group's policy to obtain forward contracts to mitigate foreign exchange risk on these amounts. During 2019 and 2018 the group did not hedge its exposure of foreign investments held in foreign currencies.

The principal currency risk to which the group is exposed in regard to inter-company balances is the exchange rate between Pounds sterling and South African Rand. It arises as a result of the retranslation of Rand denominated inter-company trade receivable balances held within the UK which are payable by South African Rand functional currency subsidiaries.

Based on the group's net financial assets and liabilities as at 31 December 2018, a 25% strengthening of Sterling against the South African Rand, with all other variables held constant, would decrease the group's profit after taxation by £176,000 (2018: £130,000). A 25% weakening of Sterling against the South African Rand, with all other variables held constant would increase the group's profit after taxation by £294,000 (2018: £216,000).

The 25% sensitivity has been determined based on the average historic volatility of the exchange rate for 2018 and 2019.

Financial statements **Notes to the financial statements**

22. FINANCIAL INSTRUMENTS CONTINUED

The table below shows the currency profiles of cash and cash equivalents:

	2019	2018
	£'000	£'000
Sterling	4,741	6,897
South African Rand	1,672	2,322
US Dollar	1,307	2
	7,720	9,221

Cash and cash equivalents earn interest at rates based on LIBOR in Sterling and Prime in Rand.

The tables below shows the currency profiles of net monetary assets and liabilities by functional currency of the group:

	Sterling	South African Rands
	£'000	£'000
2019:		
Sterling	1,151	-
South African Rand	40	(3,510)
US Dollar	1,582	-
	2,773	(3,510)

	Sterling	South African Rands
	£'000	£'000
2018:		
Sterling	1,042	-
South African Rand	37	(1,974)
US Dollar	13	-
	1,092	(1,974)

23. DEFERRED TAXATION

	2019	2018
	£'000	£'000
As at 1 January	2,226	2,485
Recognised in income	(136)	(91)
Exchange adjustment	(19)	(168)
As at 31 December	2,071	2,226
The deferred tax balance comprises the following:		
Revaluation of properties	476	636
Capital allowances	2,419	2,369
Short term timing difference	(707)	(662)
Unredeemed capital deductions	-	-
Losses and other deductions	(117)	(117)
	2,071	2,226

Refer to note 8 for details of deferred tax recognised in income in the current year. Tax rates of 17% (2018: 17%) in the UK and 28% (2018: 28%) in South Africa were utilised to calculate year end deferred tax balances.

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24. SHARE CAPITAL

			2019	2018
			£'000	£'000
Authorised: 13,000,000 ordinary shares of 10p each			1,300	1,300
Allotted and fully paid:				
	2019 Number of ordinary shares	2018 Number of ordinary shares	2019 £'000	2018 £'000
At 1 January and outstanding at 31 December	10,676,839	10,676,839	1,068	1,068

25. OTHER RESERVES

	2019 £'000	2018 £'000
Equity share options	621	621
Net investment premium on share capital in joint venture	86	86
	707	707

26. SHARE BASED PAYMENTS

Details of the share option scheme are shown in the Directors' remuneration report on page 33 under the heading Share option schemes which is within the audited part of this report. Further details of the share option schemes are set out below.

The Bisichi PLC Unapproved Option Schemes:

Year of grant	Subscription price per share	Period within which options exercisable	Number of share for which options outstanding at 31 December 2018	Number of share options lapsed/surrendered /awarded during year	Number of share for which options outstanding at 31 December 2019
2015	87.0p	Sep 2015 – Sep 2025	300,000	-	300,000
2018	73.50p	Feb 2018 – Feb 2028	380,000	-	380,000

There are no performance or service conditions attached to 2015 and 2018 options which are outstanding at 31 December 2019.

	2019 Number	2019 Weighted average exercise price	2018 Number	2018 Weighted average exercise price
Outstanding at 1 January	680,000	79.46p	380,000	111.3p
Lapsed/Surrendered during the year	-	-	(80,000)	205.5p
Issued during the year	-	-	380,000	73.5p
Outstanding at 31 December	680,000	79.46p	680,000	79.46p
Exercisable at 31 December	680,000	79.46p	680,000	79.46p

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27. NON-CONTROLLING INTEREST

	2019 £'000	2018 £'000
As at 1 January	566	532
Share of profit/(loss) for the year	549	729
Dividends paid	(483)	(641)
Exchange adjustment	(7)	(54)
As at 31 December	625	566

The non-controlling interest comprises of a 37.5% interest in Black Wattle Colliery (Pty) Ltd and its wholly owned subsidiary Sisonke Coal Processing (Pty) Ltd. Black Wattle Colliery (Pty) Ltd is a coal mining company and Sisonke Coal Processing (Pty) Ltd is a coal processing company both incorporated in South Africa. Summarised financial information reflecting 100% of the underlying consolidated relevant figures of Black Wattle Colliery (Pty) Ltd's and its wholly owned subsidiary Sisonke Coal Processing (Pty) Ltd is set out below.

	2019 £'000	2018 £'000
Revenue	46,706	48,666
Expenses	(43,040)	(43,801)
Profit/(loss) for the year	3,666	4,865
Other comprehensive Income	-	-
Total comprehensive income for the year	3,666	4,865
Balance sheet		
Non-current assets	9,480	8,532
Current assets	10,462	9,587
Current liabilities	(12,087)	(10,540)
Non-current liabilities	(3,682)	(3,800)
Net assets at 31 December	4,173	3,779

The non-controlling interest originates from the disposal of a 37.5% shareholding in Black Wattle Colliery (Pty) Ltd in 2010 when the total issued share capital in Black Wattle Colliery (Pty) Ltd was increased from 136 shares to 1,000 shares at par of R1 (South African Rand) through the following shares issue:

- a subscription for 489 ordinary shares at par by Bisichi Mining (Exploration) Limited increasing the number of shares held from 136 ordinary shares to a total of 625 ordinary shares;
- a subscription for 110 ordinary shares at par by Vunani Mining (Pty) Ltd;
- a subscription for 265 "A" shares at par by Vunani Mining (Pty) Ltd

Bisichi Mining (Exploration) Limited is a wholly owned subsidiary of Bisichi PLC incorporated in England and Wales.

Vunani Mining (Pty) Ltd is a South African Black Economic Empowerment company and minority shareholder in Black Wattle Colliery (Pty) Ltd.

The "A" shares rank pari passu with the ordinary shares save that they will have no dividend rights until such time as the dividends paid by Black Wattle Colliery (Pty) Ltd on the ordinary shares subsequent to 30 October 2008 will equate to R832,075,000.

A non-controlling interest of 15% in Black Wattle Colliery (Pty) Ltd is recognised for all profits distributable to the 110 ordinary shares held by Vunani Mining (Pty) Ltd from the date of issue of the shares (18 October 2010). An additional non-controlling interest will be recognised for all profits distributable to the 265 "A" shares held by Vunani Mining (Pty) Ltd after such time as the profits available for distribution, in Black Wattle Colliery (Pty) Ltd, before any payment of dividends after 30 October 2008, exceeds R832,075,000.

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28. RELATED PARTY TRANSACTIONS

	At 31 December		During the year	
	Amounts owed to related party £'000	Amounts owed by related party £'000	Costs recharged (to)/by related party £'000	Cash paid (to)/by related party £'000
Related party:				
London & Associated Properties PLC (note (a))	33	-	200	(170)
West Ealing Projects Limited (note (b))	-	(840)	-	(88)
Dragon Retail Properties Limited (note (c))	149	-	-	(44)
As at 31 December 2019	182	(840)	200	(302)
London & Associated Properties PLC (note (a))	3	-	153	(183)
West Ealing Projects Limited (note (b))	-	(752)	-	(752)
Dragon Retail Properties Limited (note (c))	193	-	-	2,046
As at 31 December 2018	196	(752)	153	1,111

- (a) **London & Associated Properties PLC** – London & Associated Properties PLC (“LAP”) is a substantial shareholder and parent company of Bisichi PLC. Property management, office premises, general management, accounting and administration services are provided for Bisichi PLC and its UK subsidiaries. Bisichi PLC continues to operate as a fully independent company and currently LAP owns only 41.52% of the issued ordinary share capital. However, LAP is deemed under IFRS 10 to have effective control of Bisichi PLC for accounting purposes.
- (b) **West Ealing Projects Limited** – West Ealing Projects Limited (“West Ealing”) is an unlisted property company incorporated in England and Wales. West Ealing is owned equally by the company and London & Associated Properties PLC and is accounted as a joint venture and treated as a non-current asset investment.
- (c) **Dragon Retail Properties Limited** – (“Dragon”) is owned equally by the company and London & Associated Properties PLC. Dragon is accounted as a joint venture and is treated as a non-current asset investment.

Key management personnel comprise of the directors of the company who have the authority and responsibility for planning, directing, and controlling the activities of the company. Details of key management personnel compensation and interest in share options are shown in the Directors' Remuneration Report on pages 32 and 33 under the headings Directors' remuneration, Pension schemes and incentives and Share option schemes which is within the audited part of this report. The total employers' national insurance paid in relation to the remuneration of key management was £223,000 (2018: £225,000). In 2012 a loan was made to one of the directors, Mr A R Heller, for £116,000. Interest is payable on the Director's Loan at a rate of 6.14 per cent. There is no fixed repayment date for the Director's Loan. The loan amount outstanding at year end was £41,000 (2018: £41,000) and no repayment (2018: £15,000) was made during the year.

The non-controlling interest to Vunani Limited is shown in note 27. In addition, the group holds an investment in Vunani Limited classified as non-current available for sale investments with a fair value of £38,000 (2018: £35,000).

29. EMPLOYEES

	2019 £'000	2018 £'000
Staff costs during the year were as follows:		
Salaries	7,251	6,809
Social security costs	223	231
Pension costs	309	271
Share based payments	-	24
	7,783	7,335
The average weekly numbers of employees of the group during the year were as follows:		
Production	204	231
Administration	15	15
	219	246

Financial statements Notes to the financial statements

30. CAPITAL COMMITMENTS

	2019 £'000	2018 £'000
Commitments for capital expenditure approved and contracted for at the year end	-	751

31. LEASE LIABILITIES AND FUTURE PROPERTY LEASE RENTALS

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease payments at 31 December 2019 is as follows:

	Mining Equipment £'000	Motor Vehicles £'000	Head Lease Property £'000	2019 £'000	2018 £'000
Within one year	13	11	11	35	12
Second to fifth year	53	18	46	117	46
After five years	-	-	1,419	1,419	1,443
	66	29	1,476	1,571	1,501
Discounting adjustment	(14)	(2)	(1,293)	(1,309)	(1,316)
Present value	52	27	183	262	185

The present value of minimum lease payments at 31 December 2019 is as follows:

	Mining Equipment £'000	Motor Vehicles £'000	Head Lease Property £'000	2019 £'000	2018 £'000
Within one year (Note 19)	9	10	11	30	12
Second to fifth year	43	17	36	96	37
After five years	-	-	136	136	136
Present value	52	27	183	262	185

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment. Lease liabilities due within one year are classified within trade and other payables in the balance sheet.

The group has one lease for mining equipment in South Africa and one lease for motor vehicles in the United Kingdom. Both leases have terms of less than 5 years are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Lease payments for mining equipment are subject to changes in consumer price inflation in South Africa.

The group has one lease contract for an investment property. The remaining term for the leased investment property is 130 years. The annual rent payable is the higher of £7,500 or 6.25% of the revenue derived from the leased assets.

The group has entered into rental leases on its investment property portfolio consisting mainly of commercial properties. These leases have terms of between 1 and 109 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Financial statements **Notes to the financial statements**

31. LEASE LIABILITIES AND FUTURE PROPERTY LEASE RENTALS CONTINUED

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2019 £'000	2018 £'000
Within one year	856	919
Second to fifth year	2,249	2,456
After five years	9,673	9,765
	12,778	13,140

32. CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

Bank Guarantees

Bank guarantees have been issued by the bankers of Black Wattle Colliery (Pty) Limited on behalf of the company to third parties. The guarantees are secured against the assets of the company and have been issued in respect of the following:

	2019 £'000	2018 £'000
Rail siding	54	54
Rehabilitation of mining land	1,553	1,259
Water & electricity	52	52

Covid-19 Pandemic

The Group's operations both in the United Kingdom and in South Africa have been impacted by the by the Covid-19 pandemic. Overall the Group is expected to be impacted in South Africa by additional health and safety measures related to its workforce and stakeholders and risks related to business continuity and coal price. In the UK, the Group expects there to be an impact on retail property revenue and values.

As at 5 June 2020, the Group's South African mining operations have remained in operation as the entities have been classified as essential businesses. In terms of our markets, we have seen the significant downturn in economic activity related to the Covid-19 pandemic have an impact on overall demand for coal in the international market. However demand for our particular coal in the domestic market has to date remained more stable. Looking forward, the duration and extent of the impact of the Covid-19 pandemic on our South African operations, particularly in terms of our coal markets, remains uncertain.

In the UK, we have seen the Covid-19 pandemic have a significant impact on rental revenue collections from the group's UK retail property portfolio. Although the final impact of the pandemic on the portfolio remains uncertain, we expect much of the portfolio to recover once tenants are allowed to fully resume operating.

Although the final impact of Covid-19 is uncertain and an estimate of the overall financial effect cannot be made, the Directors believe that the group has adequate resources to continue in operational existence for the foreseeable future and that the group is well placed to manage its business risks.

Contingent tax liability

The interpretation of laws and regulations in South Africa where the Group operates can be complex and can lead to challenges from or disputes with regulatory authorities. Such situations often take significant time to resolve. Where there is a dispute and where a reliable estimate of the potential liability cannot be made, or where the Group, based on legal advice, considers that it is improbable that there will be an outflow of economic resources, no provision is recognised.

Black Wattle Colliery (Pty) Ltd is currently involved in a tax dispute in South Africa related to VAT. The dispute arose subsequent to the year end and is related to events which occurred during and prior to the years ended 31 December 2019. As at 5 June 2020, the Group has been advised that it has a strong legal case, that it has complied fully with the legislation and, therefore, no economic outflow is expected to occur. Because of the nature and complexity of the dispute, the possible financial effect of a negative decision cannot be measured reliably. Accordingly, no provision has been booked at the year end. At this stage, the Group believes that the dispute will be resolved in its favour.

Financial statements

Company balance sheet

at 31 December 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	35	74	47
Investment in joint ventures	36	665	665
Other investments	36	6,643	6,391
		7,382	7,103
Current assets			
Debtors – amounts due within one year	37	4,237	3,028
Debtors – amounts due in more than one year	37	113	-
Bank balances		4,900	5,132
		9,250	8,160
Creditors – amounts falling due within one year	38	(1,473)	(1,575)
Net current assets		7,777	6,585
Total assets less current liabilities		15,159	13,688
Provision for liabilities and charges	38	(17)	-
Net assets		15,142	13,688
Capital and reserves			
Called up share capital	24	1,068	1,068
Share premium account		258	258
Available for sale reserve		-	-
Other reserves		622	622
Retained earnings	33	13,194	11,740
Shareholders' funds		15,142	13,688

The profit for the financial year, before dividends, was £2,095,000 (2018: profit of £2,414,000)

The company financial statements were approved and authorised for issue by the board of directors on 5 June 2020 and signed on its behalf by:

A R Heller
Director

G J Casey
Director

Company Registration No. 112155

Financial statements

Company statement of changes in equity

for the year ended 31 December 2019

	Share capital £'000	Share premium £'000	Available for sale reserve £'000	Other reserve £'000	Retained earnings £'000	Shareholders funds £'000
Balance at 1 January 2019	1,068	258	25	598	9,835	11,784
IFRS 9-Reclassification	-	-	(25)	-	25	-
Share option charge	-	-	-	24	-	24
Dividend paid	-	-	-	-	(534)	(534)
Profit and total comprehensive income for the year	-	-	-	-	2,414	2,414
Balance at 1 January 2019	1,068	258	-	622	11,740	13,688
Dividend paid	-	-	-	-	(641)	(641)
Profit and total comprehensive income for the year	-	-	-	-	2,095	2,095
Balance at 31 December 2019	1,068	258	-	622	13,194	15,142

Financial statements

Company accounting policies

for the year ended 31 December 2019

The following are the main accounting policies of the company:

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 Application of Financial Reporting Requirements and Financial Reporting Standard 101 Reduced Disclosure Framework. The principal accounting policies adopted in the preparation of the financial statements are set out below.

The financial statements have been prepared on a historical cost basis, except for the revaluation of leasehold property and certain financial instruments.

The Group has adopted the new accounting standard IFRS 16 'Leases' which became effective this year. Adoption of the new Standard had no impact on the company's opening balances from the prior period. Details on the group's implementation of the new accounting policy can be found on page 63.

Going concern

Details on the Group's adoption of the going concern basis of accounting in preparing the annual financial statements can be found on page 62.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101 as well as disclosure exemptions conferred by IFRS 2, 7, 13 and 16.

Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with the company's wholly owned subsidiaries.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the company's Consolidated Financial Statements.

Dividends received

Dividends are credited to the profit and loss account when received.

Depreciation

Provision for depreciation on tangible fixed assets is made in equal annual instalments to write each item off over its useful life. The rates generally used are:

Office equipment: 10 – 33 per cent

Joint ventures

Investments in joint ventures, being those entities over whose activities the group has joint control as established by contractual agreement, are included at cost, less impairment.

Other investments

Investments of the company in subsidiaries are stated in the balance sheet as fixed assets at cost less provisions for impairment.

Other investments comprising of shares in listed companies are classified at fair value through profit and loss.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies have been translated at the rates of exchange ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

Financial instruments

Details on the group's accounting policy for financial instruments can be found on page 67.

Deferred taxation

Details on the group's accounting policy for deferred taxation can be found on page 69.

Leased assets and liabilities

Details on the group's accounting policy for leased assets and liabilities can be found on page 68.

Pensions

Details on the group's accounting policy for pensions can be found on page 67.

Share based remuneration

Details on the group's accounting policy for share based remuneration can be found on page 67. Details of the share options in issue are disclosed in the directors' remuneration report on page 33 under the heading share option schemes which is within the audited part of this report.

Financial statements **Company accounting policies**

33. PROFIT & LOSS ACCOUNT

A separate profit and loss account for Bisichi PLC has not been presented as permitted by Section 408(2) of the Companies Act 2006. The profit for the financial year, before dividends paid, was £2,095,000 (2018: £2,414,000)

Details of share capital are set out in note 24 of the group financial statements and details of the share options are shown in the Directors' Remuneration Report on page 33 under the heading Share option schemes which is within the audited part of this report and note 26 of the group financial statements.

34. DIVIDENDS

Details on dividends can be found in note 9 in the group financial statements.

35. TANGIBLE FIXED ASSETS

	Leasehold Property £'000	Motor Vehicles £'000	Office equipment £'000	Total £'000
Cost at 1 January 2019	45	-	69	114
Additions	-	33	1	34
Cost at 31 December 2019	45	33	70	148
Accumulated depreciation at 1 January 2019	-	-	67	67
Charge for the year	-	5	2	7
Accumulated depreciation at 31 December 2019	-	5	69	74
Net book value at 31 December 2019	45	28	1	74
Net book value at 31 December 2018	45	-	2	47

Leasehold property consists of a single unit with a long leasehold tenant. The term remaining on the lease is 40 years. Motor Vehicles comprise wholly of a Right of Use leased asset.

36. INVESTMENTS

	Joint ventures shares £'000	Shares in subsidiaries £'000	Loans £'000	Other investments £'000	Total £'000
Net book value at 1 January 2019	665	6,356	-	35	6,391
Invested during the year	-	-	-	255	255
Exchange loss	-	-	-	-	-
Repayment	-	-	-	-	-
Transfer	-	-	-	-	-
Unrealised deficit over cost	-	-	-	(3)	(3)
Net book value at 31 December 2019	665	6,356	-	287	6,643

Investments in subsidiaries are detailed in note 15. In the opinion of the directors the aggregate value of the investment in subsidiaries is not less than the amount shown in these financial statements.

Other investments comprise of £287,000 (2018: £35,000) shares in listed companies.

Financial statements Company accounting policies

37. DEBTORS

	2019 £'000	2018 £'000
Amounts due within one year:		
Amounts due from subsidiary undertakings	3,285	2,140
Trade receivables	-	6
Other debtors	79	58
Joint venture	840	752
Prepayments and accrued income	33	72
	4,237	3,028
Amounts due in more than one year:		
Deferred taxation	113	-
	113	-

Amounts due within one year are held at amortised cost. The Group applies a simplified approach to measure the loss allowance for trade receivables using the lifetime expected loss provision. The group applies a general approach on all other receivables. The general approach recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. The company has reviewed and assessed the underlying performance and resources of its counterparties including its subsidiary undertakings and joint ventures.

38. CREDITORS

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Amounts due to subsidiary undertakings	-	138
Joint venture	148	192
Current taxation	-	-
Other taxation and social security	21	6
Other creditors	1,221	1,162
Lease Liabilities	10	-
Accruals and deferred income	73	77
	1,473	1,575
Amounts falling due in more than one year:		
Lease Liabilities	17	-

Lease liabilities comprise of a lease on a Motor vehicle with a remaining lease of 2-3 years. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

39. PROVISIONS FOR LIABILITIES

	2019 £'000	2018 £'000
Deferred taxation:		
Balance at 1 January	-	18
Provision	-	-
Transfer	-	(18)
	-	-

Financial statements Company accounting policies

40. RELATED PARTY TRANSACTIONS

	At 31 December	During the year	
	Amounts owed by related party £'000	Costs recharged / accrued (to)/ by related party £'000	Cash paid (to)/ by related party £'000
At 31 December			
Related party:			
Black Wattle Colliery (Pty) Ltd (note (a))	(373)	(1,053)	813
Ninghi Marketing Limited (note (b))	(102)	-	-
As at 31 December 2019	(475)	(1,053)	813
Black Wattle Colliery (Pty) Ltd (note (a))	(134)	(1,093)	1,125
Ninghi Marketing Limited (note (b))	(102)	-	-
As at 31 December 2018	(236)	(1,093)	1,125

(a) **Black Wattle Colliery (Pty) Ltd** – Black Wattle Colliery (Pty) Ltd is a coal mining company based in South Africa.

(b) **Ninghi Marketing Limited** – Ninghi Marketing Limited is a dormant coal marketing company incorporated in England & Wales.

Black Wattle Colliery (Pty) Ltd and Ninghi Marketing Limited are subsidiaries of the company.

In addition to the above, the company has issued a company guarantee of R20,061,917 (2018: R20,061,917) (South African Rand) to the bankers of Black Wattle Colliery (Pty) Ltd in order to cover bank guarantees issued to third parties in respect of the rehabilitation of mining land.

A provision of £102,000 has been raised against the amount owing by Ninghi Marketing Limited in prior years as the company is dormant.

In 2012 a loan was made to one of the directors, Mr A R Heller, for £116,000. Further details on the loan can be found in Note 28 of the group financial statements.

Under FRS 101, the company has taken advantage of the exemption from disclosing transactions with other wholly owned group companies. Details of other related party transactions are given in note 28 of the group financial statements.

41. EMPLOYEES

	2019 £'000	2018 £'000
The average weekly numbers of employees of the company during the year were as follows:		
Directors & administration	5	5
Staff costs during the year were as follows:		
Salaries	1,687	1,752
Social security costs	223	231
Pension costs	37	38
Share based payments	-	24
	1,947	2,045

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