Bisichi

Bisichi PLC Annual Report 2022

A tribute to

Sir Michael Heller Kt MA

Chairman 1981-2023

It was with great sadness that the Board of Bisichi announced the death of its Chairman, Sir Michael Heller Kt MA (1936-2023) on the 30th January 2023.

Cambridge-educated Sir Michael qualified as an accountant, but became a businessman and philanthropist of considerable stature, whose achievements were recognised with a knighthood in 2013. Instrumental in the development of several companies, including Bisichi, Sir Michael's focussed direction and decision making, wise advice and moral compass, were pivotal to the Company's success and will be sorely missed. Meticulously watching cash flow, and ensuring that the Company always had regular income, was the cornerstone of Sir Michael's business strategy. To a very great degree, this explains why Bisichi has performed so well when so many of its peers no longer exist.

Fortunately, despite being unwell and in hospital, Sir Michael was able to appreciate the Company's success in 2022. In his typically humorous fashion, he took enormous pleasure in telling the nurses at his bedside how well the Company had done. The greatest legacy that the Board can give him is to continue the work that he so tirelessly put in to the development of the Company, and to continue its growth. Thank you Sir Michael for everything that you have done: the Company is greatly indebted to you.

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Strategic report

The Directors present the Strategic Report of the company for the year ending 31 December 2022. 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.

Chairman's Statement

I am very pleased to report to shareholders that for the year ended 31 December 2022, your company made a profit before interest, tax, depreciation and amortisation (EBITDA) of £40.0million (2021: £5.8million) and an operating profit before depreciation, fair value adjustments and exchange movements (Adjusted EBITDA) of £39.4million (2021: £5.0million). These strong earnings for the Group can be attributed to a strong performance from Sisonke Coal Processing, the Group's South African coal processing operation which benefited from significantly improved prices in all its markets.

During the year, a disconnect in global energy markets contributed to an increase in the weekly Free on Board (FOB) coal price from Richards Bay Coal Terminal (API4 price) from $125 per metric tonne at the end of 2021 to a peak of over $360 in August. Overall, the API4 price averaged $273 in 2022 compared to $125 in 2021. The higher export prices achievable for our coal along with higher domestic prices, particularly during the second half of the year, contributed significantly to the increase in Group revenue and profitability during the year. Revenues for the year would have been even better if we had not encountered constraints in transporting coal for export on the South African rail network, constraints which were beyond our control. For this reason, exports during the year decreased to 262,000 metric tonnes compared to 320,000 metric tonnes in 2021.

At Black Wattle, the Group's South African coal mining operation, our transition into new mining areas impacted adversely our coal production, particularly during the first half of the year. As previously reported, the transition into the new mining areas was completed in July last year and in the second half of the year Black Wattle achieved improved production of 0.52million metric tonnes compared to 0.30million metric tonnes in the first half of the year. The mine achieved production of 0.82million metric tonnes in 2022 compared to 1.05million metric tonnes in 2021. The increases in our reserves, plant and equipment that are evident on the balance sheet are mainly attributable to the costs of completing the development of the new mining areas which will be mined throughout 2023.

Despite the lower coal production from Black Wattle, at Sisonke Coal Processing we were able maintain the levels of coal processed. During the year the Group sold 1.29million metric tonnes compared to 1.45million metric tonnes of coal in 2021. For the year, the Group reported £95.1million in revenue (2021: £50.5million) with the higher prices achievable for our coal offsetting the lower quantity of coal sold.

Looking forward into 2023, we have already seen coal prices in the export market come back down to similar levels last seen at the beginning of 2022. With the outlook for global energy demand less certain, your management will be focussing on improving production levels at Black Wattle and keeping operating costs low. We continue to mitigate the uncertainties in transporting coal for export on the South African rail network by maintaining diversified sales through the domestic market.

We are pleased to include in our annual report this year our new climate change report on page 11. The Group recognises that climate change represents one of the most significant challenges facing the world today and supports the goals of the Paris Agreement and the UN Framework Convention on Climate Change. The Group recognises the need, and is committed to, diversifying its future business activities into areas outside of coal. The Group is continually looking at alternative independent mining and renewable energy related opportunities, as well as new opportunities to add to our existing UK property and listed equity investment portfolios. In the interim, we continue to work closely with Vunani Mining, our BEE partner in Black Wattle and Sisonke Coal processing, in being responsible stewards of our legacy coal operations taking into account the climate-related risks outlined in our climate report and the impact these risks may have on all our stakeholders.

In the UK, we have seen rental revenue from our retail property portfolio remain stable in 2022. The Group billed revenue from our directly owned property portfolio of £1.11million (2021: £1.12million) during the year. The Group continues to hold its joint venture development investment in West Ealing, with London & Associated Properties PLC and Metroprop Real Estate Ltd. A final decision on whether to sell the land or build out the flats has yet to be taken.

As previously announced, we are pleased to welcome John Heller to the Board of Bisichi PLC as a non-executive director. The appointment took effect on the 29 March 2023. John is the Chairman and Managing Director of London & Associated Properties PLC which holds a 41.6% stake in Bisichi and a Director of Intu Debenture PLC. John's valuable experience in property investment and management, makes him an excellent addition to the Board. John's knowledge and experience will enhance the Group's strategy of growing the company's existing and future spread of business interests and investments, and will help to offset the loss of our late Chairman, Sir Michael Heller.

Finally, in light of the strong results achieved for the year and the performance of our South African operations, the Directors propose a total year-end dividend per share of 12p (2021: 6p) made up a final dividend of 4p (2021: 4p) and a special dividend of 8p (2021: 2p). The final and special dividends proposed will be payable on Friday 28 July 2023 to shareholders registered at the close of business on 7 July 2023. This takes the total dividends per share for the year to 22p (2021: 6p).

On behalf of the Board, our late Chairman, and shareholders, I would like to thank all of our staff for their hard work and dedication during the course of the year.

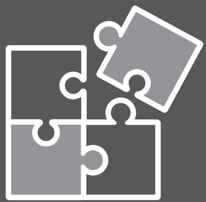
Andrew Heller
Executive Chairman & Managing Director

26 April 2023

Principal activity, strategy & business model

The company carries on business as a mining company and its principal activity is coal mining and coal processing 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 continues to oversee responsibly its existing mining and processing operations in South Africa as well as actively to seek and evaluate new alternative mining related opportunities. The Group aims to achieve this through new commercial arrangements.

In addition, we seek to balance the high risk of our mining operations with a dependable cash flow from our UK property investment operations and listed equity investment portfolios. 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 remaining South African coal reserves in an economical and sustainable manner that delivers value to all our stakeholders.

3

Processing & marketing

The Group seeks to achieve value from its South African coal processing infrastructure through the washing, transportation and marketing of coal into both the domestic and export markets.

Mining review

Despite mining and logistical challenges, 2022 was an unprecedented year in terms of performance for our South African coal mining and processing operations. Higher coal prices contributing strongly to the profitability of the Group. With more uncertainty in the coal market going into 2023, management will be focussing on improving production levels and keeping operating costs low.

Production and operations

The transition to new mining areas at Black Wattle, our South African mining operation, impacted production in 2022, particularly in the first half of the year. For the year, the mine achieved production of 0.82million metric tonnes compared to 1.05million metric tonnes in 2021. Looking forward, both our mining contractors have fully transitioned into the new mining area where mining conditions are expected to improve steadily over the course of 2023. In addition, management will be focussing on keeping operating costs low in light of global inflationary pressures that started to impact our operations during the course of 2022.

We continue to work closely with Vunani Mining, our BEE partner in Black Wattle and Sisonke Coal processing, in being responsible stewards of our legacy coal operations, which have a life of mine of seven years, taking into account the climate related risks outlined in our climate report on page 11 and the impact these risks may have on all our stakeholders.

Main trends/markets

The disconnect in global energy markets in 2022 had a significant impact on demand and prices achievable for our coal over the year. In the international market the average weekly price of Free On Board (FOB) Coal from Richard Bay Coal Terminal (API4 price) averaged $273 in 2022 compared to $125 in 2021.

The higher prices, along with a stronger US Dollar compared to the South African Rand, resulted in the Group achieving an average Rand price of R3,770 per tonne of export coal sold from the mine in 2022 compared to R1,129 in 2021. The Group's export sales are via Richards Bay Coal Terminal, primarily under the Quattro programme which allows junior black-economic empowerment coal producers direct access to the coal export market via the terminal. During the second half of the year exports were limited by constraints in transporting coal for export on the South African rail network, exports volumes from our South African operations decreased during the year to 262,000 metric tonnes compared to 320,000 metric tonnes in 2021.

In light of the export constraints, the Group continued to supply the majority of its coal to the South African domestic market in 2022. The strong demand in the international market contributed to higher domestic prices achievable for our coal, particularly in the second half of the year.

For the year, the Group achieved an average domestic price of R774 per tonne coal sold compared to R470 in 2021. Domestic sales volumes from our South African operations decreased slightly during the year to 1.03million metric tonnes (2021: 1.13million metric tonnes) mainly due to a build of coal stocks at year end.

In 2022, the Group achieved an average Rand price per tonne of coal sold of R1,384 compared to R616 in 2021. The higher coal prices contributed to the increase in Group revenue during the year offsetting lower sales volumes.

Looking forward into 2023, in the first quarter we have seen API4 prices average $145 and uncertainties remain, particularly with regard to the outlook for the international coal price as well as the impact of continued constraints in transporting coal for export on the South African rail network. In light of this, management will be focussing in 2023 on improving production levels, maintaining a diversified sales market, and keeping operating costs low.

Sustainable development

The Group's South African operations continue to strive to conduct business in a safe, environmentally and socially responsible manner. Some highlights of our Health, Safety and Environment performance in 2022:

- The Group's South African operations recorded 2 Lost time Injuries during 2022 (2021: Two).
- 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, 2020 (New Mining Charter) came into force from March 2020. 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.

During the year the Group continued with its various employee and community related bursary and training initiatives. One of the key highlights for the year was the successful completion by Takalani Sandani, Mine Manager of Black Colliery, in his bursary studies. On behalf of the Group, the Board congratulates Takalani in obtaining his Masters of Business Administration from the Gordon Institute of Business Science, an affiliate of the University of Pretoria.

Takalani Sandani at his Graduation

Prospects

Management would like to thank all our South African employees and stakeholders for their significant contribution to the Group's performance in 2022. Going forward, your management are optimistic that 2023 will be another successful year for our South African operations.

Sustainable development

The Group is fully committed to ensuring the sustainability of both our UK and South African 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)

The Group 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 2022:

- 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.
- The Group's South African operations recorded 2 Lost time Injuries during 2022.

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 and at Sisonke Coal Processing.

Health and Safety training is conducted on an ongoing 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 ongoing 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.
- 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 first aid is being conducted with all employees involved with this discipline.

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.

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).
- The STLM is still in the process of finalising its 2022-2027 Local Economic Development (LED) Plan. Once finalised, Black Wattle Colliery will select projects from the 2022-2027 STLM LED plan for the inclusion in its 2022-2027 SLP. The Black Wattle Colliery SLP will thereafter be submitted to the department of Mineral Resources and Energy for approval.
- The building of the new school hall at the Phumelele Secondary School in the Rockdale Township was completed.
- Various upgrades were initiated at the Evergreen School nearby to Black Wattle.

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, the making, bagging and sales of charcoal.
- Certain community members have been identified for training in areas regarding mining and beneficiation. These areas include but are not limited to conveyor maintenance, operation of mining machinery and training in environmental waste management.
- An interlocking block manufacturing operation will be started during 2023, making interlocking blocks for building homes
- One HDSA Male completed his University studies in the 2022 academic year.
- Two HDSA females completed their University studies in the 2022 academic year.
- Two local community HDSA members were enrolled for the new 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 and Energy ("DMRE"), 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.

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

In compliance with the Mining Charter and the Mineral and Petroleum Resource Development Act, the Group's South African operations 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, 2020 (New Mining Charter) came into force from March 2020. 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 2020. 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 & diversity

In the UK, the Board of Bisichi PLC at 31 December 2022 comprised of:

	Number of board members	Percentage of the board	Number of senior positions on the board	Number in executive management	Percentage of Executive management
Men	7	100%	3	4	100%
Women	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

	Number of board members	Percentage of the board	Number of senior positions on the board	Number in executive management	Percentage of Executive management
White British or other White (including minority white groups)	6	86%	3	4	100%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%
Asian/Asian British	1	14%	0	0	0%
Black/African/Caribbean/Black British	0	0%	0	0	0%
Other ethnic group, including Arab	0	0%	0	0	0%

The above data has been collected through self-reporting by the Board members. Questions asked include gender identity or sex and ethnic background.

At 31 December 2022 the Company did not meet the target of at least 40% of the individuals on its board of directors are women and at least one of the senior positions on the Board are held by a women. The Group is committed to improving upon its gender and diversity targets at all employment levels within the Group through a required build-up of sufficient talent pools, training up of employees and targeted recruitment policies. The Group's South African operations are 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 over 15 percent women in core mining.
- 94 percent of the women at Black Wattle Colliery are HDSA females.

In terms of directors, employees and gender representation, at the year end the Group had 9 directors (8 male and 2 from a minority ethnic or HDSA Background, 1 female from a minority ethnic or HDSA Background), 6 senior managers (5 male and 2 from a minority ethnic or HDSA Background, 1 female from a minority ethnic or HDSA Background) and 228 employees (158 male and 134 from a minority ethnic or HDSA Background, 70 female and 66 from a minority ethnic or HDSA Background).

Black Wattle Colliery has successfully submitted their annual Employment Equity Report to the Department of Labour. In terms of staff training some highlights for 2022 were:

- 1 employee was trained in ABET (Adult Basic Educational Training) on various levels;
- An additional 8 disabled HDSA women continued their training on ABET levels one to four.
- Four HDSA persons were enrolled for apprenticeships in 2022; these are categorised as follows:
  - ~ One HDSA female employee was enrolled for her apprenticeship.
  - ~ Two HDSA females and one HDSA male from the local community were enrolled for their apprenticeships.
- Further to the above, we confirm that one HDSA Male completed his bursary studies in 2022, while two HDSA females continued their bursary studies in 2022.
- Two HDSA females were allocated new Bursaries for 2022.

Highlights for 2022 for Sisonke Coal Processing:

- One employee was trained in ABET (Adult Basic Educational Training) on various levels

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.

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.

Climate Change reporting

The Group recognises that climate change represents one of the most significant challenges facing the world today and supports the goals of the Paris Agreement and the UN Framework Convention on Climate Change.

Our aim is to:

- minimize our contribution to greenhouse gas emissions;
- to consider and plan for the physical and transitional risks of climate change on our operations; and
- to work with stakeholders, including local government and communities, to mitigate the impact of climate-related challenges.

Task Force on Climate-related Financial Disclosures

Bisichi is committed to managing the impact of its operations on the planet and the impact of climate change on its operations, particularly to ensure continued operational and financial resilience in a changing world and marketplace. Bisichi understands the importance of these matters to its investors, partners, and regulatory authorities and, as required by the Listing Rules, has adopted the Task Force on Climate-related Disclosure's framework for communicating climate related financial risks.

The Group's primary operations are coal mining and processing in South Africa. Hydrocarbons are a key source of energy and heat for the foreseeable future and the Company's operations have contributed to meeting market demand for coal, particularly in South Africa. However, the Group's operations form part of a wider energy and natural resources market which is in the process of transitioning, in conjunction with the published government, national and supra-national policies, to net-zero.

In the current year, the Group has aligned its climate disclosures in this Strategic Report to the four Task force on Climate-related Financial Disclosures ("TCFD") recommendations and the 11 recommended disclosures as outlined below. This is the first year the Group has published a report in line with the TCFD Recommendations and the Group has endeavoured to make disclosures consistent with the TCFD recommended disclosures taking into consideration the short to medium term life of its South African coal operation and the size and complexity of the Group as a whole. The Group continues to develop and enhance its infrastructure, strategies, structures, resources and tools to manage the risks and opportunities presented by climate change and to ensure its ongoing climate change reporting disclosure is fully consistent in all areas with the TCFD recommended disclosures.

TCFD PILLAR	TCFD RECOMMENDED DISCLOSURE	BISICHI PLC
Governance	Board's oversight of climate risk and opportunities.	The Board has ultimate responsibility for the monitoring and development of the Group's approach to climate risk and opportunities. In light of the size of the Group, ESG matters are considered as part of the Group's regular board meetings and at other appropriate points during the year. The Board has developed and implemented a Climate Change Policy and monitor the content, effectiveness and implementation of this Policy on a regular basis. The Group's Climate Change Policy can be found on the Group's website at www.bisichi.co.uk. Short, medium and long term strategic decisions, including those on capital allocation and portfolio management, are considered by Group management who make recommendations to the Board. Climate related issues and policy are included as significant factors for consideration in the decision making process, both in the management recommendation and in the Board's consideration of the relevant issue. On-going climate related issues are integrated into the Group's business risk management process and reporting thereof to the Board and Audit Committee. The Group has regard to best practice in its area of operations, its health and safety and environmental obligations and seeks to ensure high standards of business conduct in its operations. It will review compliance with the TCFD Recommendations on an ongoing basis, and report on its performance on a yearly basis.

TCFD PILLAR	TCFD RECOMMENDED DISCLOSURE	BISICHI PLC
Governance	Management's role in assessing and managing climate-related risks and opportunities.	Responsibility for the application of this Policy rests with, but is not limited to, all employees and contractors engaged in relevant activities under the Group's operational control. The Group's managers are responsible for promoting and ensuring compliance with this Policy and any related individual site-level policies and practices. At our South African operations, management have commenced engagement with key stakeholders in order to ensure awareness of our climate change policy as well as the potential impact of climate change on our environment and operations. We continue our collaboration with our contractors on GHG Emission Reporting, and we are actively looking for opportunities to partner with our stakeholders to drive the uptake of carbon neutral solutions. For material strategic or financial decisions, the Group may consider procuring expert advice from third party consultants on the impact in the short, medium and long term of the decision, and ensure that such information is fully considered as part of the evaluation of the relevant matter.
Strategy	Climate-related risks and opportunities the Group has identified over the short, medium, and long run.	The Group considers the current life of mine of its South African operations to fall within a short to medium term horizon. Within this horizon, climate change transition risks may impact our South African coal mining and processing operations. Risks include: ▪ coal price and demand volatility; ▪ availability and cost of financing and third party services such as insurance; ▪ delays or restrictions to regulatory approvals; ▪ early retirement of our coal processing and mining operations; and ▪ Carbon pricing and taxes, that may create additional costs through the value chain. The Group have assessed physical climate risk profiles produced by the World Bank, particularly in relation to our South African operations. The Group considers the physical risks of variations in climate over the current life of mine of our South African operations to be mainly limited to an increased risk of seasonal flooding that may impact the operating efficiency, costs and revenues of our mining and processing operations.

TCFD PILLAR	TCFD RECOMMENDED DISCLOSURE	BISICHI PLC
		In a longer term horizon, and in a scenario where the useful life of our South African operations is extended, the above short to medium term transitional risks are expected to continue to apply. In addition, in a scenario, such as the International Energy Association's ("IEA") Pathway to Net Zero by 2050 ("NZE 2050"), where climate policies are effectively implemented that support a transformation to net zero emissions by 2050 and limiting the rise of global temperatures to 1.5°C by the end of the century, policies will lead to significant coal demand decline over the longer term. This in turn will impact the carrying value and long term viability of our South African coal operations as well as the stakeholders and communities reliant on our operations. Extreme weather events, over the long term in South Africa, such as floods, and droughts, as well as changes in rainfall patterns, temperature, and storm frequency will also affect the operating efficiency, costs and revenues of our mining and processing operations, supply chains and impact the communities living close to our operations. Clean coal research and technology initiatives such as carbon capture may result in opportunities to increase the useful life of our South African coal mining and processing operations. In addition, the clean energy transition provides opportunities for the Group to diversify its business activities and equity investment portfolio into renewable and extractive industries that will benefit from and are critical to the transition to a clean energy system The main sources of scope 1 & 2 Green House Gas (GHG) emissions for the Group have been associated with our South African coal mining and processing operations, namely due to fuel combustion and electricity usage. Improvements in the cost competitiveness of lower emission sources of energy provide opportunities to lower overall operating costs at our operations as well as reduce overall GHG Emissions. In the UK we have identified the following material physical and transitional risks related to our UK Retail portfolio: ▪ Long term physical risk through changes in climate, flood risk and extreme weather; and ▪ Short-term transition risk from emerging regulation related to energy performance ("EPC") and enhanced disclosures.

<table>
<tr><th>TCFD PILLAR</th><th>TCFD RECOMMENDED DISCLOSURE</th><th>BISICHI PLC</th></tr>
<tr><td>Strategy</td><td>Impact of climate-related risks and opportunities on businesses, strategy, and financial planning.</td><td>Management have incorporated and regularly review the following strategies and procedures in relation to it South African coal operations:
▪ Review of the impact of climate change and the global transition to clean energy, particularly in relation to the current life of mine of the Group’s coal operations;
▪ Regular research and analysis of the coal market demand outlook;
▪ Regular research and analysis on the outlook of the South African coal mining industry and climate change regulation including mining regulation, energy procurement and licensing, and carbon taxing;
▪ Regular communication with financial service providers and suppliers on any future changes to availability and cost of services;
▪ Regular research and analysis on the progress of clean coal technology and related regulatory initiatives; and
▪ Regular dialogue and seeking collaboration with governments and local communities and other stakeholders on climate change-related challenges.
The Board has identified the need to mitigate GHG emission heavy sources of electricity usage at our coal washing plant. Management are currently in the process of evaluating opportunities to reduce these emissions taking into particular consideration the financial viability and long term sustainability of the projects.
The below areas have been identified where GHG emissions can be further reduced through:
▪ Minimising land clearance for new project facilities;
▪ Adoption of mitigation strategies for preserving integrity of environment;
▪ Minimising tree felling;
▪ The use of modern, energy and fuel efficient equipment;
▪ The inclusion of the impact of GHG emissions as an evaluation criteria in the selection of mining contractors, suppliers and equipment. Particular consideration will be given to the choice of vehicles used for the mine fleet, employee transportation and the haulage fleet. Where possible energy and fuel efficiency will be a factor in the selection of vehicles as this will not only reduce GHG emissions but also reduce operating costs. In addition to the efficiency of the fleet itself, opportunities will be sought for improving the use of the vehicles.
▪ Scheduling of excavation and haulage activities to optimise activities and avoid double handling, where this is operationally practical; and
▪ The upgrading of energy-intensive machinery over time will be used to improve efficiency and reduce CO_2 emissions compared to machinery that has been removed.
Further energy efficiency opportunities will also be investigated.
Potential water scarcity has increased management focus on opportunities to increase the usage efficiency of our existing water supply and water recycling systems. The introduction of a closed loop filter press system for coal fines in 2019 and additional other work concluded or planned on our water recycling systems at our coal processing facility will result in a lowering of our overall cost of water and the environmental footprint of our operations. Increased risks of flooding have been incorporated at planning stage in new opencast mining areas that have been opened.</td></tr>
</table>

TCFD PILLAR	TCFD RECOMMENDED DISCLOSURE	BISICHI PLC
		Transition and physical risks related to climate change are regularly discussed at Board level, particularly those related to the long term viability of the Group's South African coal operations and the future allocation of capital. The Board regularly considers the need for coal as an energy source both globally and in South Africa over the life of mine of our operations and in its long term planning. The Board is committed to responsible stewardship of our legacy South African coal assets taking into account the impact climate change related risks may have on all our local stakeholders. We recognise the need to collaborate with government, employees and communities, to ensure a just transition for our stakeholders through the transition to a low carbon economy. The Board regularly evaluates and continues to seek opportunities to diversify its business activities and equity investment portfolio, particularly into renewable and extractive industries that predominantly mine commodities identified by the IEA as critical in the transition to a clean energy system. Any significant developments will be reported to shareholders in due course. The Board continue to monitor and regularly review adherence by the Group to changes to UK EPC. The Group have incorporated the ongoing impact of EPC regulatory standards into its decision making process.
Strategy	Resilience of strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Management have incorporated climate scenarios into our strategic operational planning and review process. We have assessed the resilience of our coal operations compared to the IEA's NZE2050 Scenario, which sets out what additional measures would be required over the next ten years to put the world as a whole on track for net zero emissions by mid-century. The Scenario indicates a significant coal demand decline over the longer term impacting the potential commercial longevity of the Group's South African operations. In addition we have assessed physical climate risk profiles for our South African operations obtained via the World Bank Group's Climate Change Knowledge Portal. The outcomes of scenario testing and physical climate profiling have been incorporated into the long term strategic planning and decision making processes of the Group. Over the short to medium term, considering the potential impact of transitional climate risks on the Group's South African operations, the Group's climate strategy and policy is regularly scrutinised by senior management and the Board in regard to any changes in coal demand outlook and climate regulatory policy that may impact our operations over the current life of mine. A recent example being the Just Energy Transition Investment Plan ("JET IP") announced by the South African Government for 2023-2027. The Board encourages senior and local management to assess principal and emerging climate-related risks on a regular basis. Risks identified are to be reported to and discussed at Board level and incorporated into the strategy and planning of the Group.

TCFD PILLAR	TCFD RECOMMENDED DISCLOSURE	BISICHI PLC
Risk Management	Processes for identifying and assessing climate related risks.	The Group's risk management processes are developed, implemented and reviewed by the Board, who retain ultimate responsibility for them. In addition to the Group's management of its principal risks and uncertainties, climate change impacts are mainly considered from two environmental perspectives, the impact of our South African coal mining and processing operations on the climate and the effect of global climate change on our operations and stakeholders. Heavy sources of GHG emissions have been identified from our annual Greenhouse Gas emissions recording and reporting. The Board and Senior management remain in regular communication with local regulatory bodies, climate research providers, coal market analysts, suppliers, and services providers to ensure climate related risks and changes in regulatory policy are identified and assessed on a regular basis. Senior and local management in South Africa are encouraged by the Board to identify local climate related risks and changes in regulatory policy that may impact our South African coal operations. Management continually engage with governments and local communities and other stakeholders on climate change-related challenges impacting the local area and the South African coal industry at large.
Risk Management	Processes for managing climate-related risks.	The Board and Senior management co-ordinate the Group's analysis and planning of the effects of climate change on our business. The Board regularly discusses the impact of any risks identified through the organisation, particularly in relation to material matters that may impact the viability of the Group's coal operations. The Board regularly reviews and analyses coal market and outlook research, particularly in relation to targets set out in local climate policy such as JET IP and global climate scenarios such as NZE 2050. The mitigation of GHG emissions and identification of climate related risks has been integrated into our corporate policy, project and procurement evaluation criteria at our South African operations to ensure it is consistently applied and managed. The Group continuously monitors and reports key performance indications relating to environmental matters, including the location of CO2 emissions, their levels and intensity. On an ongoing basis, the Group assesses the impact of carbon pricing, climate regulation and taxation on going concern assumptions, the Group's current and future strategy and operations.
Risk Management	Processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management.	New or evolving climate change risks identified by both senior and local management are to be reported to and discussed at Board level and incorporated into the strategy, planning and climate policy of the Group. Where possible, plans to mitigate the effect of climate change on our operations and our local communities will be integrated into the mines regulatory environmental management and social and labour plans.

TCFD PILLAR	TCFD RECOMMENDED DISCLOSURE	BISICHI PLC
Metrics and Targets	Metrics used by the Group to assess climate related risks and opportunities in line with its strategy and risk management process.	A financial segmentation of the Group's South African coal mining and processing assets that are impacted by the climate related risks and opportunities outlined above can be found on page 82. The Group recognises that its ability to reduce overall carbon emissions is constrained at present by the main segment of it business activities, being coal mining and processing in South Africa. The Group has, however, sought to appropriately target its emission reduction strategy to the elements of its operations where a meaningful reduction in greenhouse gas emissions can be effected, and this will be reflected in the targets set by the Group in due course. The Group measures and report our CO2 emissions across the Group including a breakdown of UK and South African coal operations. See below for disclosure of emissions during the year.
Metrics and Targets	Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	The Group is committed to measuring and reporting our scope 1 and 2 greenhouse gas emissions, see below for disclosure of emissions during the year. Scope 3 emissions are not currently measured given the size and life of mine of the Group's South African coal operations and the uncertainty and impracticality in accurately measuring such emissions throughout the value chain. The Group will continue to assess the above approach as part of its continued review of compliance with the TCFD Recommendations and taking into account any material changes in future business activities.
Metrics and Targets	Targets used by the Group to manage climate-related risks and opportunities and performance against targets.	Over 99% of the Group's GHG Emissions relate to our South African coal operations which has a current life of mine of 7 years. In the short term, the Group's continues to evaluate areas where GHG emissions can be further reduced, particularly scope 2 emissions related to the heavy sources of electricity usage at our coal washing plant. Once the Group has identified the scope of further potential reductions, their time, capital cost and practicability of implementation, short term targets for the Group will be reassessed. Over the long term, as part of the Group's business strategy, the Board continues to evaluate opportunities to diversify its business activities. In turn, targets related to GHG emissions will be re-evaluated in line with any future changes in the Group's planned operating activities.

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 data detailed in these tables represent emissions and energy use for which Bisichi Mining plc is responsible. To calculate our emissions, we have used the main requirements of the Greenhouse Gas Protocol Corporate Standard and a methodology adapted from the Intergovernmental Panel on Climate Change (2019), along with the UK Government GHG Conversion Factors for Company Reporting 2022.

Any estimates included in our totals are derived from actual data which have been extrapolated to cover the full reporting periods. Our reporting includes our energy use and emissions associated with our UK office, which are minimal (2.5 tonnes of CO_2e).

The Group's carbon footprint:	**2022 CO_2e Tonnes**	2021 CO_2e Tonnes
Emissions source:		
Emissions from the combustion of fuel or the operation of any facility including fugitive emissions from refrigerants use	**39,564**	41,960
Emissions resulting from the purchase of electricity, heat, steam or cooling by the company for its own use (location based)	**12,267**	12,040
Total gross emissions	**51,831**	54,000
Of which:		
UK	**3**	2
South Africa	**51,828**	53,998
Intensity:		
Tonnes of CO_2 per £ sterling of revenue	**0.0005**	0.0011
Tonnes of CO_2 per tonne of coal produced	**0.0629**	0.0516
	kWh	kWh
Energy consumption used to calculate above emissions	**87,292,816**	83,079,614
Of which UK	**12,341**	10,186

Principal risks & uncertainties

PRINCIPAL RISK	PERFORMANCE AND MANAGEMENT OF THE RISK

COAL PRICE AND VOLUME 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 and coal processing 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 volume of export sales achievable can be influenced by rail capacity and export quota constraints at Richards Bay Coal Terminal under the Quattro programme.

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

In the short term, disconnections in global energy markets and global economic volatility 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 climate related risks such as regulatory changes related to climate change and governmental CO_2 emission commitments.

The Group primarily focuses on managing its underlying production and processing 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 2021 and 2022.

The Group's export and domestic sales are determined based on the ability to deliver the quality of coal required by each market together with the market factors set out opposite. Volumes of export sales achieved during the year were primarily dependent on the Group's ability to produce the higher quality of coal required for export, obtaining adequate rail capacity and utilising allowable export quotas under the Quattro programme. The volume of domestic market sales achieved during the year were primarily dependant on local demand and supply as well as the Group's ability to produce the overall quality of coal required. The Group continues to assess on an ongoing basis its dependence on the above factors and evaluate alternative means to ensure coal sales and prices achieved are optimised.

The Group assesses on an ongoing basis the impact of volatility in global energy markets, economic volatility and climate change related risks may have on the Group's mining operations and future investment decisions as outlined in the Group's climate change reporting on page 11.

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 5 for details of mining performance.

PRINCIPAL RISK	PERFORMANCE AND MANAGEMENT OF THE RISK

CURRENCY RISK

Principal 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.

Performance and management of the risk

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 2022 and 2021.

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.

NEW RESERVES AND MINING PERMISSIONS

Principal risk

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 and Energy, 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 which came into force from March 2020. 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.

Performance and management of the risk

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 5 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.

PRINCIPAL RISK	PERFORMANCE AND MANAGEMENT OF THE RISK
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.
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 environmental management. 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.

PRINCIPAL RISK	PERFORMANCE AND MANAGEMENT OF THE RISK
CLIMATE CHANGE RISK	
Climate change is a material issue that can affect our South African coal business through: - changes in carbon pricing, taxes, and coal mining regulation; - extreme climatic events; - access to capital and services and allocation thereof; and - reduced demand and prices for coal.	Transition and physical risks related to climate change are regularly discussed and acted upon at Board and management levels, particularly those related to the viability of the Group's South African coal operations and the future allocation of capital. Further details of the Group's performance and management of climate change related risk is set out in the Group's climate change report on page 11.
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.
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 and our equity investment portfolio. 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 Financial and Performance review on page 24 for details of the property and investment portfolio performance.

PRINCIPAL RISK	PERFORMANCE AND MANAGEMENT OF THE RISK
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 final impact of the United Kingdom leaving the European Union ("Brexit"), counter inflationary regulatory measures, 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 continues to monitor and evaluate the impact of Brexit , counter inflationary regulatory measures 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 performance of the UK retail market on the Group's banking covenants, loan obligations and future investment decisions. Refer to page 28 for details of the property portfolio performance.

Financial & performance review

The movement in the Group's Adjusted EBITDA from £5.0million in 2021 to £39.4million in 2022 can mainly be attributed to higher prices achievable for our coal from the Group's South African operations. This offset the higher operating costs and lower coal sale volumes in 2022.

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 indicator

The key performance indicators for the Group are:	**2022 £'000**	2021 £'000
For the Group:		
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	**39,363**	5,028
EBITDA	**39,980**	5,849
Profit before tax	**38,014**	2,501
For our property investment operations:		
Net property valuation	**10,465**	10,525
Net property revenue	**1,108**	1,119
For our mining activities:		
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	**38,126**	4,266
EBITDA	**37,856**	4,145

	Tonnes '000	Tonnes '000
Mining production	**824**	1,046
Quantity of coal sold	**1,287**	1,447

The key performance indicators of the Group can be reconciled as follows:	Mining £'000	Property £'000	Other £'000	**2022 £'000**
Revenue	**93,413**	**1,108**	**590**	**95,111**
Transport and loading cost	(5,201)	-	-	**(5,201)**
Mining and washing costs	(38,008)	-	-	**(38,008)**
Other operating costs excluding depreciation	(12,078)	(456)	(5)	**(12,539)**
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	**38,126**	**652**	**585**	**39,363**
Exchange movements	(270)	-	-	**(270)**
Fair value adjustments	-	(60)	-	**(60)**
Gains on investments held at fair value through profit and loss (FVPL)	-	-	1,036	**1,036**
Operating profit excluding depreciation	37,856	592	1,621	**40,069**
Share of loss in joint venture	-	(89)	-	**(89)**
EBITDA	**37,856**	**503**	**1,621**	**39,980**
Net interest movement	(663)	(210)	-	**(873)**
Depreciation	(1,093)	-	-	**(1,093)**
Profit before tax				**38,014**

The key performance indicators of the Group can be reconciled as follows:	Mining £'000	Property £'000	Other £'000	**2021 £'000**
Revenue	**49,226**	**1,119**	**175**	**50,520**
Transport and loading cost	(5,569)	-	-	**(5,569)**
Mining and washing costs	(32,438)	-	-	**(32,438)**
Other operating costs excluding depreciation	(6,953)	(527)	(5)	**(7,485)**
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	**4,266**	**592**	**170**	**5,028**
Exchange movements	(121)	-	-	**(121)**
Fair value adjustments	-	255	-	**255**
Gains on investments held at fair value through profit and loss (FVPL)	-	-	812	**812**
Operating profit excluding depreciation	4,145	847	982	**5,974**
Share of loss in joint venture	-	(125)	-	**(125)**
EBITDA	**4,145**	**722**	**982**	**5,849**
Net interest movement				**(777)**
Depreciation				**(2,571)**
Profit before tax				**2,501**

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 an EBITDA for the year of £40.0million (2021: £5.8million). The movement compared to the prior year can mainly be attributed to the EBITDA from our mining activities of £37.9million (2021: £4.1million). In addition, the Group's fair value loss, related to our UK property was £0.1million (2021: gain £0.3million) and gains related to investments held at fair value through profit and loss were £1.0million (2021: £0.8million).

The Group reported a profit before tax of £38.0million (2021: £2.5million) for the year resulting in an increase in taxation for the year to £11.9million (2021: £0.8 million). This resulted in the Group achieving an overall profit for the year after tax of £26.1million (2021: £1.7million), of which £17.6million (2021: £1.5million) 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 **2022** **R'000**	 2021 R'000	UK Sterling **2022** **£'000**	 2021 £'000
Revenue	**1,886,276**	1,004,444	**93,413**	49,226
Transport and loading costs	**(105,023)**	(113,641)	**(5,201)**	(5,569)
Mining and washing costs	**(767,490)**	(661,929)	**(38,008)**	(32,438)
Operating profit before other operating costs and depreciation	**1,013,763**	228,874	**50,204**	11,219
Other operating costs (excluding depreciation)			**(12,078)**	(6,953)
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)			**38,126**	4,266
Exchange movements			**(270)**	(121)
EBITDA			**37,856**	4,145

	2022 **'000**	2021 '000
Mining production in tonnes	**824**	1,046

	2022 **R**	2021 R
Net Revenue per tonne of mining production	**2,162**	852
Mining and washing costs per tonne of mining production	**(931)**	(633)
Operating profit per tonne of mining production before other operating costs and depreciation	**1,231**	219

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.

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**	**2022 ‘000**	Domestic ‘000	Export ‘000	2021 ‘000
Quantity of coal sold in tonnes	**1,025**	**262**	**1,287**	1,127	320	1,447
	Domestic R’000	**Export R’000**	**2022 R’000**	Domestic R’000	Export R’000	2021 R’000
Revenue	**795,132**	**1,091,144**	**1,886,276**	530,905	473,539	1004,444
	R	R	R	R	R	R
Net Revenue per tonne of coal sold	**774**	**3,770**	**1,384**	470	1,129	616
Mining and washing costs per tonne of coal sold			**(596)**			(457)
Operating profit per tonne of coal sold before other operating costs and depreciation			**788**			158

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 less transportation and loading costs per metric tonne of coal sold.

Total net revenue per tonne of coal sold for the Group's mining and processing operations increased for the year from R616 per tonne of coal sold in 2021 to R1,384 in 2022, attributable to the average price increases achieved in both the export and domestic market. A decrease in mining production from Black Wattle and an increase in coal inventories at the end of the year offset an increase in buy-in coal processed during the year resulting in the quantity of coal sold for the year decreasing to 1.287million tonnes (2021: 1.447million tonnes). Overall, revenue from the Group's South African mining operations increased during the year to R1.886billion compared to revenue of R1.005billion in 2021 with the increase in revenue per tonne of coal sold offsetting the lower coal sales volumes, particularly in the export market.

Mining and washing costs per tonne of coal sold during the year increased from R457 per tonne in 2021 to R596 per tonne in 2022 mainly due to increases in buy-in coal costs and mining costs per tonne from Black Wattle. This resulted in an increase in total mining and washing costs for the Group to R767.4million (2021: R661.9million).

Other operating costs (excluding depreciation) of £12.08million (2021: £6.95million) include general administrative costs and 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 coal processing. The increase during the year can mainly be attributed to higher salaries and wages costs attributable to the improved financial performance of the Group in the same period. Overall costs in South Africa were in line with management's expectations and local inflation.

In summary, the movement in the Group's Adjusted EBITDA from £5.0million in 2021 to £39.4million in 2022 can mainly be attributed to higher prices achievable from the Group's South African coal processing operations. This offset the higher mining, washing and operating costs and lower coal sales volumes incurred in 2022. A further explanation of the mines operational performance can be found in the Mining Review on page 5.

Non-controlling interest Black Wattle

As previously reported, the Group's subsidiary Black Wattle Colliery (Pty) Ltd signed an agreement to acquire additional coal reserves during the year. The new reserves of 6.1million metric tonnes, extends the life of mine of Black Wattle to seven years and remains subject to regulatory approval. The acquisition was negotiated in conjunction with a re-negotiation of 2.1million metric tonnes of separate coal reserves previously acquired from the same seller, as previously announced in our 2018 annual report.

Vunani Mining (Pty) Ltd our black economic empowered shareholders at Black Wattle, were integral in the success in acquiring both of these reserves. As a result, it was agreed that Vunani Mining will share equally in any distributable economic benefit from the coal reserves as part of their non-controlling interest in Black Wattle. This has been achieved through a new shares issue in Black Wattle that was completed on 12 April 2022. The total issued share capital in Black Wattle Colliery (Pty) Ltd was increased further from 1000 shares to 1002 shares at par of R1 through the following share issue:

- a subscription of 1 "B" Share at par by Bisichi Mining (Exploration Limited), a 100% subsidiary of the Group;
- a subscription of 1 "B" Share at par by Vunani Mining (Pty) Ltd

The "B" shares rank pari passu with the ordinary shares save that they have sole rights to the distributable profits attributable to the above mining reserves held by Black Wattle Colliery (Pty) Ltd. A non-controlling interest is therefore recognised for all profits distributable to the "B" shares held by Vunani Mining (Pty) Ltd from the date of issue of the shares (12 April 2022).

Details of Vunani's non-controlling interest held at year end can be found in the Non-controlling interest note on page 102.

UK property investment

Performance

The Group's portfolio is managed actively by London & Associated Properties plc. Rental performance was marginally below levels achieved in 2022. Net property revenue (excluding joint ventures and service charge income) across the portfolio decreased during the year to £1.108million (2021: £1.119million). The property portfolio was externally valued at 31 December 2022 and the value of UK investment properties attributable to the Group at year end decreased marginally to £10.465million (2021: £10.525million).

Joint venture property investments

The Group holds a £0.6million (2021: £0.6million) 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 decreased marginally during the year to £1.019million (2021: £1.040million).

The Group continues to hold a £0.4million (2021: £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 £4.1million (2021: £3.7million). The joint venture has obtained planning consent for a residential development of 56 flats. During 2022 the joint venture explored the possibility of a consented land sale but did not receive sufficiently attractive offers during a period of extreme building costs inflation to persuade the venture to sell. A final decision on whether to sell the land or build out the flats has yet to be taken and we look forward to updating shareholders further in due course.

The Group continues to hold a one third joint venture investment in Development Physics Limited, a UK unlisted property development company. The remaining two thirds is held equally by London & Associated Properties PLC and Metroprop Real Estate Ltd. The company was set up with the purpose of delivering a residential development of 44 flats and 4 town houses in Purley, London. Development Physics acquired a series of options on the site and registered for planning permission for its development. The planning application submitted in 2022 was rejected in January 2023 despite being recommended for approval by the planning officer. The joint venture has appealed this decision and we will update shareholders on progress in due course. At year end, the negative carrying value of the investment held by the Group was £14,000 (2021: £3,000).

Overall, the Group achieved net property revenue of £1.2million (2021: £1.2million) for the year which includes the company's share of net property revenue from its investment in joint ventures of £108,000 (2021: £88,000).

Other Investments

During the year the Group's non-current investments held at fair value through profit and loss increased from £3.6million in 2021 to £12.6million due to net additions during the year of £8.2million (2021: £1.2million) and gains from investments of £0.7million (2021: £0.7million). The investments comprise of £6.8million (2021: £1.56million) of investments listed on stock exchanges in the United Kingdom and £5.8million (2021: £2.07million) of investments listed on overseas stock exchanges. The Group's listed investments are primarily in entities involved in extractive and energy related (including renewable energy) business activities.

The following table summarises the main components of the consolidated cashflow for the year:	**Year ended 31 December 2022 £'000**	Year ended 31 December 2021 £'000
Cash flow generated from operations before working capital and other items	**39,768**	5,028
Cash flow from operating activities	**30,698**	4,432
Cash flow from investing activities	**(16,584)**	(2,706)
Cash flow from financing activities	**(7,206)**	(271)
Net (decrease) / increase in cash and cash equivalents	**6,908**	1,455
Cash and cash equivalents at 1 January	**482**	(1,078)
Exchange adjustment	**(25)**	105
Cash and cash equivalents at 31 December	**7,365**	482
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents as presented in the balance sheet	**10,590**	3,018
Bank overdrafts (secured)	**(3,225)**	(2,536)
	7,365	482

Cash flow generated from operating activities increased compared to the prior year to £30.7million (2021: £4.4million). This can mainly be attributed to the increase in operating profit during the year of £39.0million (2021: £3.4million) net of taxes paid of £7.9million (2021: refund of £0.2million) and an increase in inventories of £4.0million (2021: decrease £2.1million). The operating profit can mainly be attributed to the improved coal revenue per tonne achieved during the year.

Investing cashflows primarily reflect the net acquisitions of listed equity investments of £8.1million (2021: £0.9million) and capital expenditure during the year of £8.5million (2021: £1.8million) which can mainly be attributable to mine development costs at Black Wattle. As at year end the Group's mining reserves, plant and equipment had a carrying value of £16.4million (2021: £9.0 million) with capital expenditure being offset by depreciation of £1.1million (2021: £2.5milion) and exchange translation movements of £0.6million (2021: £0.4million) for the year.

Cash outflows from financing activities includes a net increase in borrowings of £0.5million (2021: decrease £0.3million). In addition, dividends were paid during the year to equity shareholders of £0.6million (2021: £Nil) and to minority shareholders of £7.0million (2021: £Nil).

Overall, the Group's cash and cash equivalents increased during the year by £6.9million (2021: £1.5million). The Group's net balance of cash and cash equivalents (including bank overdrafts) at year end was £7.4million (2021: £0.5million).

The Group has considerable financial resources available at short notice including cash and cash equivalents (excluding bank overdrafts) of £10.6million (2021: £3.0 million) and listed investments of £13.5million (2021: £4.3million) as at year end. The above financial resources totalling £24.1million (2021: £7.3million).

The net assets of the Group reported as at year end were £35.6million (2021: £17.8million) and total assets at £63.8million (2021: £38.1million).

Liabilities increased from £20.3million to £28.2million during the year primarily due to an increase in trade and other payables from £10.7million to £13.3million as well as an increase in tax payable from £0.7million to £4.3million.

Further details on the Group's cashflow and financial position are stated in the Consolidated Cashflow Statement on page 73 and the Consolidated Balance Sheet on page 70 and 71.

Loans

South Africa

The Group has a structured trade finance facility with Absa Bank Limited for R85million held by Sisonke Coal Processing (Pty) Limited, a 100% subsidiary of Black Wattle Colliery (Pty) Limited. This facility comprises of an R85million revolving facility to cover the working capital requirements of the Group's South African operations. The facility is renewable annually and is secured against inventory, debtors and cash that are held in the Group's South African operations.

United Kingdom

The Group holds a 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 £3.8million. The debt package has a five year term and is repayable at the end of the term in December 2024. The overall interest cost of the loan is 4.00% above the Bank of England base rate. 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 £10.5million. 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. The Board consider the Group's customers, employees, local communities, suppliers and shareholders as key stakeholders of the Group. 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 4 and Principal Risks and Uncertainties on page 19;
- 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 34.

Future prospects

In the first quarter of the 2023, we have seen the API4 price average $145 and uncertainties remain, particularly in regard to the sustainability of the higher international coal price and the impact of continued constraints in transporting coal for export on the South African rail network. In light of this, management will be focussing on improving production levels, maintaining a diversified sales market and keeping operating costs low.

The Group continues to seek and evaluate opportunities to transition into alternative mining related opportunities through new commercial arrangements.

In the UK, management is looking forward to progressing its property development opportunities in West Ealing and Development Physics as well as seeking other opportunities to expand upon on its property and equity investment portfolios. This is in line with the Group's 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 and equity investments.

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 38.

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 5 which form part of the Strategic Report.

Signed on behalf of the Board of Directors

Garrett Casey
Finance Director

26 April 2023

Governance

MANAGEMENT TEAM

* **ANDREW R HELLER** MA, ACA
(Chairman & 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)
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.

JOHN WONG ACA, CFA
(Non-executive)
John Wong was appointed a Director on 15 October 2020. After training as a Chartered accountant he has worked in the fund management industry for almost 20 years and has extensive experience in investment management, in particular within the mining sector.

JOHN A HELLER
(Appointed 29 March 2023)
(Non-executive)
John Heller was appointed a Director on 29 March 2023. John Heller is the Chairman and Chief Executive of London & Associated Properties PLC which holds a 41.6% stake in Bisichi. John Heller has extensive knowledge and experience in property investment and management.

OTHER DIRECTORS AND ADVISORS

SECRETARY AND REGISTERED OFFICE
Garrett Casey CA (SA)
12 Little Portland Street
London W1W8BJ

BLACK WATTLE COLLIERY AND SISONKE COAL PROCESSING DIRECTORS
Andrew Heller
(Managing Director)
Ethan Dube
Robert Grobler
Garrett Casey
Millicent Zvarayi

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

WEBSITE
www.bisichi.co.uk

E-MAIL
admin@bisichi.co.uk

AUDITOR
Kreston Reeves LLP, London

PRINCIPAL BANKERS
United Kingdom
Julian Hodge Bank Limited
Santander UK PLC
Investec PLC

South Africa
ABSA Bank (SA)
First National Bank (SA)

CORPORATE SOLICITORS
United Kingdom
Ashfords LLP, London
Fladgate LLP, London
Olswang LLP, London
Wake Smith Solicitors Limited, Sheffield

South Africa
Beech Veltman Inc, Johannesburg
Brandmullers Attorneys, Middelburg
Cliffe Decker Hofmeyer, Johannesburg
Herbert Smith Freehills, Johannesburg
Natalie Napier Inc, Johannesburg
Tugendhaft Wapnick Banchetti and Partners, Johannesburg

STOCKBROKERS
Shore Capital Stockbrokers Limited

REGISTRARS AND TRANSFER OFFICE
Link Group
10th Floor, Central Square
29 Wellington Street
Leeds
LS1 4DL

UK telephone:
0371 664 0300

International telephone:
+44 (0) 371 664 0300

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 8.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

Website:
https://www.linkgroup.eu

Email:
shareholderenquiries@linkgroup.co.uk

Company registration number:
341829 (England and Wales)

* Member of the nomination committee
\+ Senior independent director
O Member of the audit, nomination and remuneration committees.

Five year summary

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Consolidated income statement items					
Revenue	**95,111**	50,520	29,805	48,106	49,945
Operating profit /(loss)	**38,976**	3,403	(4,493)	3,658	6,526
Profit/(Loss) before tax	**38,014**	2,501	(5,196)	3,027	5,959
Trading profit /(loss) before tax	**37,127**	1,559	(3,881)	4,493	6,397
Revaluation and impairment profit /(loss) before tax	**887**	942	(1,315)	(1,466)	(438)
EBITDA	**39,980**	5,849	(2,387)	5,868	8,587
Operating profit before depreciation, fair value adjustments and exchange movements (adjusted EBITDA)	**39,363**	5,028	(1,111)	7,457	9,088
Consolidated balance sheet items					
Investment properties	**10,465**	10,525	10,270	11,565	13,045
Other non-current investments	**13,631**	4,761	3,001	1,629	1,357
	24,096	15,286	13,271	13,194	14,402
Current Investments held at fair value	**886**	685	833	1,119	887
	24,982	15,971	14,104	14,313	15,289
Other assets less liabilities less non-controlling interests	**8,820**	1,541	1,969	5,619	4,280
Total equity attributable to equity shareholders	**33,802**	17,512	16,073	19,932	19,569
Net assets per ordinary share (attributable)	**316.6p**	164.0p	150,5p	186.7p	183.3p
Dividend per share	**22.00p**	6.00p	0p	1.00p	6.00p

Financial calendar

06 June 2023	Annual General Meeting
Late August 2023	Announcement of half-year results to 30 June 2023
Late April 2024	Announcement of results for year ending 31 December 2023

Directors' report

The directors submit their report together with the audited financial statements for the year ended 31 December 2022.

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 joint venture investments in two UK residential property developments.

The results for the year and state of affairs of the Group and the company at 31 December 2022 are shown on pages 68 to 113 and in the Strategic Report on pages 2 to 30. 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 98 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 30.

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 30.

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 in West Ealing.

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.

Climate Change Reporting and Greenhouse Gas Emissions

The Group's climate change report and details on its greenhouse gas emissions for the year ended 31 December 2022 can be found on page 11 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

As outlined in the Strategic report on page 3 the directors are proposing the payment of a final dividend of 4p (2021: 4p) and a special dividend of 8p (2021: 2p) per share for 2022. An interim dividend for 2022 of 10p (Interim 2021: 0p) has been paid on 3 February 2023.

The total dividend per ordinary share for 2022 will therefore be 22p (2021: 6p) per ordinary share.

Investment properties and other properties

The investment property portfolio is stated at its open market value of £10,465,000 at 31 December 2022 (2021: £10,525,000) 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 £4,812,000 (2021: £4,787,000).

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 year were Sir Michael Heller (ceased to be a director on 30 January 2023) , A R Heller, G J Casey, C A Joll, R J Grobler (a South African citizen), J A Sibbald and J Wong.

Mr J Heller was appointed as a non-executive director by the Board on 29 March 2023 and offers himself for re-election. Mr J Heller is the Chairman and Managing Director of London & Associated Properties PLC which holds a 41.6% stake in Bisichi with extensive & valuable experience in property investment and management. The board recommends the re-election of Mr J Heller.

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 Mr 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 42 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 31 December 2022:

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

Sir Michael Heller (Estate) –	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.
Stonehage Fleming Investment Management Ltd –	1,916,154 shares representing 17.95 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 2022 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.

Board structure

The Board currently comprises the joint executive chairman and managing director, two other executive directors and four non-executive directors. Their details appear on page 31. 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 57. 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 comprises of two non-executive directors C A Joll (Chairman) and JA Sibbald as well as 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 of two non-executive directors C A Joll (Chairman) and JA Sibbald. The company's executive chairman is normally invited to attend meetings. The report on directors' remuneration is set out on pages 39 to 53.
- The audit committee comprises of two non-executive directors C A Joll (Chairman) and JA Sibbald. 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 executive 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 54.

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/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.

Independent directors

The senior independent non-executive director is Christopher Joll. The other two independent non-executive directors are John Sibbald and John Wong.

Christopher Joll has been a non-executive director for over twenty years, John Sibbald has been a non-executive director for over thirty years and John Wong was appointed to the Board on 15 October 2020. The Board encourages the non-executive directors 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.

Board and board committee meetings

The number of meetings during 2022 and attendance at regular Board meetings and Board committees was as follows:

		Meetings held	Meetings Attended
Sir Michael Heller	Board	5	4
	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	2	2
J A Sibbald	Board	5	2
	Audit committee	2	0
	Nomination committee	1	1
	Remuneration committee	2	1
J Wong	Board	5	5

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:

- 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 regular 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.

There were no significant issues identified during the year ended 31 December 2022 (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 The annual general meeting of the company ("Annual General Meeting") will be held at Meeting Room 2, 12 Charles II Street, St James, London SW1Y 4QU on Tuesday, 6 June 2023 at 11.00 a.m. Resolutions 1 to 10 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 10 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 10)

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 10.1.1 of resolution 10 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 26 April 2023 (being the last practicable date prior to the publication of this Directors' Report). Paragraph 10.1.2 of resolution 10 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, 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 26 April 2023 (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 10 is £711,788. Resolution 10 complies with guidance issued by the Investment Association (IA).

The authority granted by resolution 10 will expire on 31 August 2024 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 (2021: £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 5 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, a structured trade finance facility with Absa Bank Limited for R85million is held by Sisonke Coal Processing (Pty) Limited, a 100% subsidiary of Black Wattle Colliery (Pty) Limited. This facility comprises of a R85million revolving facility to cover the working capital requirements of the Group's South African operations. The facility is renewable annually 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.

The directors expect that coal market conditions for the Group' will remain at a stable and profitable level through 2023.

The directors therefore have a reasonable expectation that the mine will achieve positive levels of cash generation for the Group in 2023. As a consequence, the directors believe that the Group is well placed to manage its South African business risks successfully.

In the UK, 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.

The Group holds a 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 in December 2024. The overall interest cost of the loan is 4.00% above the Bank of England base rate. All covenants on the loan were met during the year and 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.

Dragon Retail Properties Limited ("Dragon"), the Group's 50% owned joint venture, holds a Santander bank loan of £1.143million secured against its investment property, see note 14. The bank loan is secured by way of a first charge on specific freehold property at a value of £2.03 million. The interest cost of the loan is 2.75 per cent above the bank's base rate. A refinancing of this loan is currently underway. The loan originally expired in September 2020, but has been extended to October 2023. Santander have indicated that they are willing to provide a new term loan and we expect to complete this in the near future.

In 2022 a disconnect in global energy markets resulted in higher global energy prices. Although the volatility in global energy markets in 2023 is uncertain, the Directors at present do not foresee events having a significant negative impact on the Group's UK and South African operations ability to remain in operation for the foreseeable future.

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.

Detailed budget and cash flow forecasts for the Group's operations demonstrated that the Group has sufficient resources to meet its liabilities as they fall due for at least the next 12 months and the Directors believe the Group would be able to manage its business risks and have adequate cash resources to continue in operational existence for the foreseeable future. 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

12 Little Portland Street
London W1W8BJ

26 April 2023

Statement of the Chairman of the remuneration committee

The remuneration committee presents its report for the year ended 31 December 2022. The report is presented in two parts in accordance with the remuneration 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 June 2023. During the year, in light of the performance of the Group, the board determined to award bonuses and share options to certain executive directors of the Group. In addition, on 1st September 2022 the Company bought out 680,000 options over ordinary shares outstanding which were exercisable. As an alternative to the exercise of the options, the Company cancelled the share options for a consideration avoiding the need for the Company to allot shares, for shares to be sold in the market to meet the tax liabilities arising from the exercise and therefore the potential impact to the Company's share price and on shareholders.

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 July 2020. A further resolution amending the policy was approved by shareholders at a general meeting of the Company held on 16 June 2022. The resolution authorises the directors of the Company to enter into agreements to cancel and surrender options over Ordinary Shares. The approvals will continue to apply for a 3 year period up to the AGM on 6 June 2023. The remuneration committee considered the overall performance of the group as well as of each director in the year ended 31 December 2022 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 48. 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 6 June 2023. Once approved, the approval of the new policy will apply for a 3 year period effective from the conclusion of the AGM on 6 June 2023.

Both of 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, Kreston Reeves 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

12 Little Portland Street
London W1W8BJ

26 April 2023

Annual remuneration report

The following information has been audited:

Single total figure of remuneration for the year ended 31 December 2022:

	Salaries and Fees £'000	Benefits £'000	Bonuses £'000	Long Term Incentive Awards £'000	Pension £'000	**Notional Value of Vesting Share Options**	**Total 2022 £'000**	**Total Fixed Remuner-ation £'000**	**Total Variable Remuner-ation £'000**
Executive Directors									
Sir Michael Heller	200	-	580	-	-	**-**	**780**	**200**	**580**
A R Heller	495	42	1,100	-	-	**273**	**1,910**	**537**	**1,373**
G J Casey	194	17	575	-	19	**273**	**1,078**	**230**	**848**
R Grobler	218	17	356	-	19	**-**	**610**	**254**	**356**
Non–Executive Directors									
C A Joll*	52	-	-	-	-	**-**	**52**	**52**	**-**
J A Sibbald*	3	3	-	-	-	**-**	**6**	**6**	**-**
J Wong	55	-	-	-	-	**-**	**55**	**55**	**-**
Total	**1,217**	**79**	**2,611**	**-**	**38**	**546**	**4,491**	**1,334**	**3,157**

*Members of the remuneration committee for the year ended 31 December 2022

The notional value of vesting share options are based on the value of the share options at grant. The awards are not subject to performance in line with the scheme terms.

Single total figure of remuneration for the year ended 31 December 2021:

	Salaries and Fees £'000	Benefits £'000	Bonuses £'000	Long Term Incentive Awards £'000	Pension £'000	**Total 2021 £'000**	**Total Fixed Remuner-ation £'000**	**Total Variable Remuner-ation £'000**
Executive Directors								
Sir Michael Heller	83	-	-	-	-	**83**	**83**	**-**
A R Heller	495	34	400	-	-	**929**	**529**	**400**
G J Casey	185	17	200	-	19	**421**	**221**	**200**
R Grobler	205	11	176	-	17	**409**	**233**	**176**
Non–Executive Directors								
C A Joll*	40	-	-	-	-	**40**	**40**	**-**
J A Sibbald*	3	3	-	-	-	**6**	**6**	**-**
J Wong	50	-	-	-	-	**50**	**50**	**-**
Total	**1,061**	**65**	**776**	**-**	**36**	**1,938**	**1,162**	**776**

*Members of the remuneration committee for the year ended 31 December 2021

Summary of directors' terms	Date of contract	Unexpired term	Notice period
Executive directors			
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
J Wong	October 2020	Continuous	3 months
J Heller	March 2023	Continuous	3 months

Pension schemes and incentives

Two (2021: Two) directors have benefits under money purchase pension schemes. Contributions in 2022 were £37,869 (2021: £35,177), see table above. There are no additional benefits payable to any director in the event of early retirement.

Scheme interests awarded during the year

During the year the company granted options over ordinary shares in the Company of 10 pence (the "Options") to the following directors of the Company, under the Company's Unapproved Executive Share Option Scheme 2012 ("the Scheme"), as set out below:

- Andrew Heller: 380,000 options granted on 1 September 2022 at an exercise price of £3.52 per share
- Garrett Casey: 380,000 options granted on 1 September 2022 at an exercise price of £3.52 per share

The exercise price of 352 pence per share was based on the midmarket closing price of the Company's shares on 31 August 2022, the date prior to the grant. The above Options are subject to the terms and conditions set out in the rules of the Scheme, and subject to the memorandum and articles of association of the Company. Further details of the Scheme are outlined below under Share option schemes. The above options were valued at £547,200 at date of grant using the Black-Scholes-Merton model. These Options are exercisable at any time during the next 10 years from the dates of grant stated above. No consideration has been paid for the granting of these Options.

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				
	Option price*	1 January 2022	Options granted/ (Surrendered) in 2022	31 December 2022	Exercisable from	Exercisable to
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
A R Heller	352.00p	-	380,000	380,000	01/09/2022	31/08/2032
G J Casey	352.00p	-	380,000	380,000	01/09/2022	31/08/2032

*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. No part of the award was attributable to share price appreciation and no discretion has been exercised as a result of share price appreciation or depreciation. During the year, there were no changes to the exercise price or exercise period for the options. On 1st September 2022, the Company entered into an agreement with Andrew Heller and Garrett Casey to cancel the options granted in 2015 and 2018 under the Scheme. The Company paid each director a cash payment in consideration for cancelling the options. The cash payment was calculated by reference to the closing midmarket share price on 31 August 2022 less the relevant exercise price. The aggregate consideration paid by the Company to effect the cancellations was £1,853,270.

Payments to past directors

No payments were made to past directors in the year ended 31 December 2022 (2021: £nil).

Payments for loss of office

No payments for loss of office were made in the year ended 31 December 2022 (2021: £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	
	31.12.2022	1.1.2022	31.12.2022	1.1.2022
Sir Michael Heller	148,783	148,783	181,334	181,334
A R Heller	785,012	785,012	-	-
R J Grobler	-	-	-	-
G J Casey	40,000	40,000	-	-
C A Joll	-	-	-	-
J A Sibbald	-	-	-	-
J Wong	-	-	-	-

There are no requirements or guidelines for any director to own shares in the Company.

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 2022 was 305p (2021: 60p). During the year the share price ranged between 81p and 375p.

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 2013 to 31 December 2022.

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* %
2022	A R Heller	1,637	74%	N/A
2021	A R Heller	929	27%	N/A
2020	A R Heller	551	0%	N/A
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

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 and Company performance

Director	Base Salary 2022	Benefits 2022	Bonuses 2022	Base Salary 2021	Benefits 2021	Bonuses 2021	Base Salary 2020	Benefits 2020	Bonuses 2020
Executive:									
Sir Michael Heller [1]	141%	0%	N/A	0%	0%	0%	0%	0%	(100%)
A R Heller [2]	0%	24%	175%	0%	(39%)	N/A	0%	40%	(100%)
G J Casey [2]	5%	0%	188%	20%	(10%	N/A	3%	18%	(100%)
R Grobler [2]	6%	55%	102%	6%	3%	N/A	(7%)	(17%)	(100%)
Non-Executive:									
C A Joll	30%	0%	0%	0%	0%	0%	5%	0%	0%
J A Sibbald	0%	0%	0%	0%	0%	0%	0%	0%	0%
J Wong [3]	10%	0%	0%	0%	0%	0%	N/A	N/A	N/A
J Heller [4]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employee remuneration on a full-time equivalent basis:									
Employees of the Company [5]	47%	0%	478%	8%	(26%)	N/A	1%	33%	(100%)

1 Bonus changes for 2022 for Sir Michael Heller are disclosed as not applicable as no bonus was awarded to the director in 2021.

2 Bonus changes for 2021 for AR Heller, G J Casey, R Grobler and Employees of the Company are disclosed as not applicable as no bonuses were awarded to the various directors and employees in 2020.

3 Mr J Wong was appointed as a non-executive Director on 15 October 2020 so the annual change is not applicable for 2020 and was apportioned for 2021.

4 Mr J Heller was appointed as a non-executive Director on 29 March 2023 so the annual change is not applicable.

5 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:

	2022 £'000	2021 £'000
Employee remuneration	**11,991**	7,491
Distribution to shareholders (see note below)	**2,348**	641

The distribution to shareholders in the current year is subject to shareholder approval at next the Annual General Meeting.

Statement of implementation of remuneration policy

The remuneration policy was approved at the AGM on 9 July 2020. The policy took 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. During the year a resolution amending the policy was approved by shareholders at a general meeting of the Company held on 16 June 2022. The resolution authorises the directors of the Company to enter into agreements to cancel and surrender options over Ordinary Shares. During the year, there were no deviations from the procedure for the implementation of the remuneration policy as set out in the policy.

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 2022. The Company did not engage any consultants to provide advice or services to materially assist the remuneration committee's considerations.

Shareholder voting

At the Annual General Meeting on 16 June 2022, there was an advisory vote on the resolution to approve the remuneration report, other than the part containing the remuneration policy. In addition, on 9 July 2020 there was a binding vote on the resolution to approve the current remuneration policy. In addition, a further resolution amending the policy was approved by shareholders at a general meeting of the Company held on 16 June 2022. The resolution authorises the directors of the Company to enter into agreements to cancel and surrender options over Ordinary Shares. The results of the votes above are detailed below:

	% of votes for	% of votes against	No of votes withheld
Resolution to approve the Remuneration Report (16 June 2022)	73.85%	26.15%	7,174
Resolution to approve the Remuneration Policy (9 July 2020)	69.87%	30.13%	-
Resolution to authorises the directors of the Company to enter into agreements to cancel and surrender options over Ordinary Shares. (16 June 2022)	100%	0%	-

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 41 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.

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 2020 AGM. The approved policy took effect from 9 July 2020. 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 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 2022 is shown in the table on page 40.

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 41)	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 taking into account the factors considered above in the decision making process in determining remuneration policy. 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 41). 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.

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 40)	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		

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.

In addition to above, during the year a resolution amending the policy was approved by shareholders at a general meeting of the Company held on 16 June 2022. The resolution authorises the directors of the Company to enter into agreements to cancel and surrender options over Ordinary Shares.

Details of remuneration of other company employees can be found in Note 29 to the financial statements.

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 2023 AGM. If approved it is intended that the policy take effect from the conclusion of the AGM on 6 June 2023, 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 2020 AGM) will continue to apply until that time. In the absence of approval of the new remuneration policy at the 2023 AGM the previous policy shall continue to apply.

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 other than rates which have been amended after taking into consideration inflation and the increase in size of the Group.

Future Policy Table

The below new remuneration policy table is subject to approval by shareholders at the 2023 AGM:

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 £1,200,000 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 2022 is shown in the table on page 40.
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.

ELEMENT	PURPOSE	POLICY	OPERATION	OPPORTUNITY AND PERFORMANCE CONDITIONS
Share Options	To provide executive directors with a long-term interest in the company	Granted under existing schemes (see page 41) and new schemes	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 taking into account the factors considered above in the decision making process in determining remuneration policy. 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, surrendered, lapsed or has otherwise become incapable of exercise. The company currently has one Share Option Scheme (see page 41). 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. The Board is authorised under this policy to enter into agreements with holders of options over ordinary shares in the capital of the Company to cancel or surrender the Options in consideration of the payment by the Company to the holder of the Option of cash up to a maximum of the difference between the exercise price of the Option and the closing market price on the business day immediately prior to the day on which the Company enters into that agreement with the relevant holder of the Options.

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 £125,000 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 40)	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 or £10,000 whichever is the higher. 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

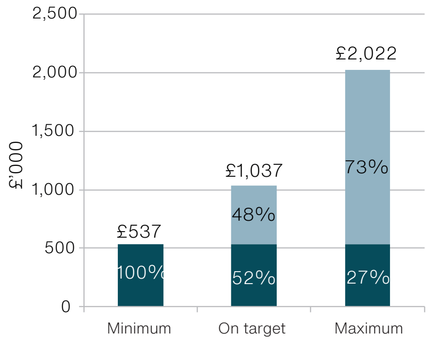
In order to ensure that shareholders have sufficient clarity over director remuneration levels, the company has, where possible, specified a maximum that may be paid to a director in respect of each component of remuneration. The remuneration committee consider the performance measures outlined in the 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.

Remuneration scenarios

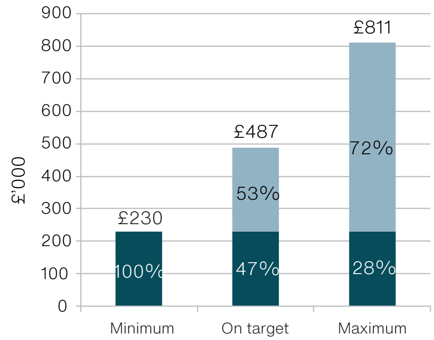
An indication of the possible level of remuneration that would be received by each current Executive Director in the year commencing 1 January 2023 in accordance with the directors' remuneration policy is shown below.

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

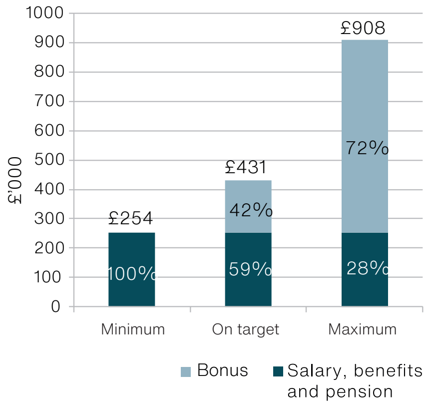
A Heller:



G.Casey:



R Grobler:



Assumptions

Minimum
Consists of base salary, benefits and pension. Base salary, benefits and pension for 2023 are assumed at the levels included in the single total figure remuneration table for the year ended 31 December 2022 on page 40.

On target
Based on the average percentage bonus awarded to the individual in the three years ending on 31 December 2022. 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 2023 are assumed at the levels included in the single total figure remuneration table for the year ended 31 December 2022 on page 40.

Maximum
Based on maximum remuneration receivable of 300% of base salary awarded as bonus in an exceptional year. Base salary, benefits and pension for 2023 are assumed at the levels included in the single total figure remuneration table for the year ended 31 December 2022 on page 40.

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 with in 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 41 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 June 2023.

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.

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 coal production and processing;
- Adjusted EBITDA, given that it is a key trading KPI, when determining quantitative materiality; and
- Going concern, given the potential impact of macro-economic activity 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 £700,000 to £800,000 to be material.

External Auditors

Kreston Reeves LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting. 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 team of external auditors from Kreston Reeves LLP. BDO South Africa Inc. acts as the external auditor to the South African companies, and the work of that firm was reviewed by Kreston Reeves LLP for the purpose of the Group audit.

Christopher Joll
Chairman – audit committee

12 Little Portland Street
London W1W8BJ

26 April 2023

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 2022 by the company as detailed in our Valuation Report dated 20 February 2023.

Having regard to the foregoing, we are of the opinion that the open market value as at 31 December 2022 of the interests owned by the company was £10,465,000 being made up as follows:

	£'000
Freehold	8,270
Leasehold	2,195
	10,465

Leeds 20 February 2023	**Carter Towler** Regulated by Royal Institute of Chartered Surveyors

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 UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The directors 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 UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 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, international accounting standards. 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 UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 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.

Independent auditor report to the shareholders of Bisichi Plc for the year ended 31 December 2022

Opinion

We have audited the financial statements of Bisichi PLC (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the consolidated income statement, consolidated statement of other comprehensive income, consolidated and company balance sheets, consolidated and company statements of changes in equity, consolidated cash flow statement and notes to the financial statements, including a summary of significant Group accounting policies. The financial reporting framework that has been applied in their preparation of the group financial statements is applicable law and UK adopted international accounting standards. 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 FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- 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 2022 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- 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.

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 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 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

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

Our evaluation of the directors assessment of the Group and Parent companies ability to continue to adopt the going concern basis of accounting including the following:

- Gained an understanding of the systems and controls around managements' going concern assessment, including for the preparation and review process for forecasts and budgets.
- Evidence obtained that management have undertaken a formal going concern assessment, including sensitivity analysis on cash flow forecasts, clear consideration of external factors including the COVID pandemic and the war in Ukraine and the potential liquidity impact of these on cash balances including available facilities.
- Analysed the financial strength of the business at the year end date and considered key trends in balance sheet strength and business performance over the last three years.
- Confirmations gained that operation of the business, including mine production and sale at Black Wattle Colliery have not been disrupted in the period by any external or internal factors.
- Testing the mechanical integrity of forecast model by checking the accuracy and completeness of the model, including challenging the appropriateness of estimates and assumptions with reference to empirical data and external evidence.
- Based on our above assessment we performed our own sensitivity analysis in respect of the key assumptions underpinning the forecasts.
- We performed stress-testing analysis on the core cash generating units of the business to confirm cash inflow levels needed to maintain minimal liquidity required to meet liabilities as they fall due.
- We considered post year end performance of the business, comparing this to budget as well as considering the development of key liquidity ratios in the business.
- The group's banking facility documentation was reviewed to ensure that any covenants in place have not been breached.
- We reviewed the adequacy and completeness of the disclosure included within the financial statements in respect of going concern.

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

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent Company's ability to continue as a going concern.

Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's and Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 38;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 38;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 19 to 23;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 36 and
- The section describing the work of the Risk and Audit Committee set out on page 35.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our application of materiality

	Group financial statements	Parent company financial statements
Materiality	£711,200 (2021: £359,600)	£710,000 (2021: £359,500)
Basis for determining materiality	2% of net assets	Capped below group materiality
Rationale for benchmark applied	The group's principal activity of that of an exploration and mining operation and investment property holdings. To this end the business is highly asset focused. Therefore a benchmark for materiality of the NA's of the group is considered to be appropriate.	The parent company materiality has been capped at below group materiality. This was to address the aggregation risk in the group audit.
Performance materiality	£533,400 (2021: £269,700)	£532,500 (2021: £269,600)
Basis for determining performance materiality	75% of materiality	Capped below group materiality
Rationale for performance materiality applied	On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% of our planning materiality. In assessing the appropriate level, we consider the nature, the number and impact of the audit differences identified in the previous year's audit.	The parent company performance materiality has been capped at below group performance materiality. This was to address the aggregation risk in the group audit.
Triviality threshold	£35,560 (2021: £17,980)	£35,500 (2021: £17,980)
Basis for determining triviality threshold	5% of materiality	Capped below group materiality

We reported all audit differences found in excess of our triviality threshold to the directors and the management board.

For each Group company within the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across each Group company was between £234,500 and £23,300. The scope of our audit was influenced by our application of materiality as we set certain quantitative thresholds for performance materiality and use these thresholds as a consideration tool to help to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

We determined component materiality for the parent company to be capped at below group materiality. This was also the case for group subsidiaries registered outside of the UK. For the lower risk UK-registered trading subsidiaries, 4% of those subsidiary's net assets were used. Performance materiality was set in the range of 70-80% of each individual materiality.

Coverage overview

	Group revenue	Group profit/(loss) before tax	Group net assets
Totals at 31 December 2022:	£95,110,894	£38,013,787	£35,560,822
Full statutory audit (Kreston Reeves and BDO)	£95,111,894 (100%)	£37,924,360 (99.8%)	£35,285,511 (99.2%)
Limited procedures	£Nil	£89,427 (0.2%)	£275,311 (0.8%)

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the parent company, the accounting processes and controls, and the industry in which they operate.

Our scoping considerations for the Group audit were based both on financial information and risk. As noted above limited assurance audit work – which is to say the audit of balances and transactions material at a group level – was only applied in respect of a small element of the group. The below table summarises for the parent company, and its subsidiaries, in terms of the level of assurance gained:

Group component	Level of assurance
Bisichi PLC	Full statutory audit (Kreston Reeves)
Mineral Products Limited	Full statutory audit (Kreston Reeves)
Bisichi (Properties) Limited	Full statutory audit (Kreston Reeves)
Bisichi Northampton Limited	Full statutory audit (Kreston Reeves)
Bisichi Mining (Exploration) Limited	Full statutory audit (Kreston Reeves)
Black Wattle Colliery (Pty) Limited	Full statutory audit (BDO)
Sisonke Coal Processing (Pty) Limited	Full statutory audit (BDO)
Black Wattle Klipfontein (Pty) Limited	Full statutory audit (BDO)
Bisichi Coal Mining (Pty) Limited	Full statutory audit (BDO)
All other group undertakings	Limited assurance (Kreston Reeves)

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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. This is not a complete list of all risks identified by our audit.

Revenue recognition: £95,110,894 (2021: £50,520,000)

Significance and nature of key risk

Revenue is a key performance indicator for users in assessing the group's financial statements. Revenue generated has a significant impact on cash inflows and profit before tax for the group. As such revenue is a key determinant in profitability and the group's ability to generate cash.

Revenue comprises two key revenue streams: the sale 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.

Rental income is recognised in the Group income statement on a straight-line basis over the term of the lease.

How our audit addressed the key risk

Sales of coal and coal processing services in the period were tested from the trigger point of the sale to the point of recognition in the financial statements, corroborating this to contract sales or service terms and the recognition stages detailed in IFRS 15.

Rental income revenue was recalculated based on the terms included in signed lease agreements. Again, the recognition stages detailed the relevant standards were carefully considered to ensure revenue recognised was in line with these. This substantive testing covered 100% of total property rental revenues.

Revenue streams were further analytically reviewed via comparison to our expectations. Expectations were based on a combination of prior financial data/budgets and our own assessments based on our knowledge gained of the business.

Cut-off of revenue was reviewed by analysing sales recorded during the period just before and after the financial year end and determining if the recognition applied was appropriate.

Walkthrough testing was performed to ensure that key systems and controls in place around the revenue cycle operated as designed.

The accuracy of revenue disclosures in the accounts were confirmed to be consistent with the revenue cycle observed and audited. The completeness of these disclosures was confirmed by reference to the full disclosure requirements as detailed in IFRS 15.

Key observations communicated to the Risk and Audit Committee

We have no concerns over the material accuracy of revenue recognised in the financial statements.

Valuation/impairment of investment properties: £10,635,000 (2021: £10,700,000)

Significance and nature of key risk

Investment properties comprise freehold and long leasehold land and buildings. Investment properties are carried at fair value in accordance with IAS 40.

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.

How our audit addressed the key risk

Appropriate classification of investment properties under IAS 40 was considered, especially in relation to long leasehold land and buildings.

External valuation reports were obtained and vouched to stated fair values. The competence and independence of the valuation experts was carefully considered to ensure that the reports they produce can be relied upon.

The key assumptions made within these reports were reviewed and considered for reasonableness, including rental yield analysis. We have further performed our own separate impairment considerations to consider if events/factors in place at year end present material impairment indicators.

Key observations communicated to the Risk and Audit Committee

We have no concerns over the material accuracy of investment property values recognised in the financial statements.

Valuation/impairment of mining reserves and development: £16,177,000 (2021: £8,896,000)

Significance and nature of key risk

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.

How our audit addressed the key risk

The accounting requirements of IFRS 6 and IAS 16 were considered to ensure capitalisation of costs to mine development under IAS 16 was appropriate.

In considering impairment indicators, as governed by IAS 36, the life of mine assessment was obtained. All significant input variables were considered and stress-tested to assess headroom between modelling and the value of mine development.

Consideration was given to the competence and independence of the technical expert involved with the production of historic technical reports on which the life of mine assessment is partially built.

Depreciation of mine development was recalculated based on the unit of production basis to ensure accurately recorded. This basis was also considered for reasonableness by reference to the accounting policies of industry peers.

The accuracy and appropriateness of mine development disclosures in the accounts were confirmed to be consistent with the mine development accounting cycle observed and audited.

Key observations communicated to the Risk and Audit Committee

We have no concerns over the material accuracy of mining reserves and development values recognised in the financial statements.

Other information

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

We have nothing to report in this regard.

Our opinion on the remuneration report

Kreston Reeves has audited the Annual remuneration report set out on pages 40 to 53 of the Annual Report for the year ended 31 December 2022. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with the Companies Act 2006. Kreston Reeves' responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with International Accounting Standards. In Kreston Reeves' opinion, the Remuneration Report of the Group for the year, complies with the requirements of the Companies Act 2006.

Our consideration of climate change related risks

The financial impacts on the Group of climate change and the transition to a low carbon economy ("climate change") were considered in our audit where they have the potential to directly or indirectly impact key judgements and estimates within the financial statements.

The Group continues to develop its assessment of the potential impacts of climate change. Climate risks have the potential to materially impact the key judgements and estimates within the financial report. Our audit considered those risks that could be material to the key judgement and estimates in the assessment of the carrying value of non-current assets and closure and rehabilitation provisions.

The key judgements and estimates included in the financial statements incorporate actions and strategies, to the extent they have been approved and can be reliably estimated in accordance with the Group's accounting policies. Accordingly, our key audit matters address how we have assessed the Group's climate related assumptions to the extent they impact each key audit matter. Our audit procedures were performed with the involvement of our climate change and valuation specialists.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our 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 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 57), 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 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 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.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to: posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties. Audit procedures performed by the group engagement team and component auditors included:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework and the relevant tax compliance regulations in the jurisdictions in which Bisichi PLC operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, mainly relating to health and safety, employee matters, bribery and corruption practices, environmental and certain aspects of company legislation recognising the regulated nature of the Group's mining activities and its legal form.
- Detailed discussions were held with management to identify any known or suspected instances of non-compliance with laws and regulations.
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud.
- Challenging assumptions and judgements made by management in its significant accounting estimates, including assessing the capabilities of the property valuers and discussing with the valuers how their valuations were calculated and the data and assumptions they have used to calculate these.
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud.
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business.
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax and regulatory authorities.
- Performing integrity testing to verify the legitimacy of banking records obtained from management.
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions.
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.
- We ensured our global audit team (including Kreston Reeves and BDO) has deep industry experience through working for many years on relevant audits, including experience of mining and investment property management. Our audit planning included considering external market factors, for example geopolitical risk, the potential impact of climate change, commodity price risk and major trends in the industry.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

Governance **Independent auditor report to the shareholders of Bisichi Plc**

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters which we are required to address

We were reappointed by the audit committee in the year to audit the financial statements. Our total uninterrupted period of engagement is 2 years, covering the years ended 31 December 2021 and 31 December 2022.

The 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.

During the period under review, agreed upon procedures were completed in respect of a number of the group's service charge accounts.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP

Anne Dwyer BSc(Hons) FCA (Senior Statutory Auditor)

For and on behalf of

Kreston Reeves LLP

Chartered Accountants
Statutory Auditor
London

Date: 27 April 2023

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Consolidated income statement

for the year ended 31 December 2022

	Notes	**2022 Trading £'000**	**2022 Revaluations and impairment £'000**	**2022 Total £'000**	2021 Trading £'000	2021 Revaluations and impairment £'000	2021 Total £'000
Group revenue	2	**95,111**	**-**	**95,111**	50,520	-	50,520
Operating costs	3	(55,748)	-	**(55,748)**	(45,492)	-	(45,492)
Operating profit before depreciation, fair value adjustments and exchange movements		39,363	-	**39,363**	5,028	-	5,028
Depreciation	3	(1,093)	-	**(1,093)**	(2,571)	-	(2,571)
Operating profit before fair value adjustments and exchange movements	1	38,270	-	**38,270**	2,457	-	2,457
Exchange losses		(270)	-	**(270)**	(121)	-	(121)
(Decrease)/ Increase in value of investment properties	4	-	(60)	**(60)**	-	255	255
Gain on investments held at fair value		-	1,036	**1,036**	-	812	812
Operating profit	1	**38,000**	**976**	**38,976**	2,336	1,067	3,403
Share of loss in joint ventures	13	-	(89)	**(89)**	-	(125)	(125)
Profit before interest and taxation		**38,000**	**887**	**38,887**	2,336	942	3,278
Interest receivable		174	-	**174**	22	-	22
Interest payable	7	(1,047)	-	**(1,047)**	(799)	-	(799)
Profit before tax	5	**37,127**	**887**	**38,014**	1,559	942	2,501
Taxation	8	(11,878)	(30)	**(11,908)**	(453)	(342)	(795)
Profit for the year		**25,249**	**857**	**26,106**	1,106	600	1,706
Attributable to:							
Equity holders of the company		16,755	857	**17,612**	891	600	1,491
Non-controlling interest	27	8,494	-	**8,494**	215	-	215
Profit for the year		25,249	857	**26,106**	1,106	600	1,706
Profit per share – basic	10			**164.96p**			13.96p
Profit per share – diluted	10			**164.96p**			13.94p

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.

Consolidated statement of other comprehensive income

for the year ended 31 December 2022

	2022 £'000	2021 £'000
Profit for the year	**26,106**	1,706
Other comprehensive income/(expense):		
Items that may be subsequently recycled to the income statement:		
Exchange differences on translation of foreign operations	**(43)**	(60)
Other comprehensive income for the year net of tax	**(43)**	(60)
Total comprehensive income for the year net of tax	**26,063**	1,646
Attributable to:		
Equity shareholders	**17,593**	1,439
Non-controlling interest	**8,470**	207
	26,063	1,646

Consolidated balance sheet

at 31 December 2022

	Notes	**2022 £'000**	2021 £'000
Assets			
Non-current assets			
Investment properties	11	**10,635**	10,700
Mining reserves, plant and equipment	12	**16,377**	9,065
Investments in joint ventures accounted for using equity method	13	**1,041**	1,130
Other investments at fair value through profit and loss ("FVPL")	13	**12,590**	3,631
Total non-current assets		**40,643**	24,526
Current assets			
Inventories	16	**5,199**	1,253
Trade and other receivables	17	**6,437**	8,626
Investments in listed securities held at FVPL	18	**886**	685
Cash and cash equivalents		**10,590**	3,018
Total current assets		**23,112**	13,582
Total assets		**63,755**	38,108
Liabilities			
Current liabilities			
Borrowings	20	**(3,795)**	(2,666)
Trade and other payables	19	**(13,282)**	(10,743)
Current tax liabilities		**(4,256)**	(726)
Total current liabilities		**(21,333)**	(14,135)
Non-current liabilities			
Borrowings	20	**(3,930)**	(3,853)
Provision for rehabilitation	21	**(1,715)**	(1,390)
Lease liabilities	31	**(344)**	(389)
Deferred tax liabilities	23	**(872)**	(506)
Total non-current liabilities		**(6,861)**	(6,138)
Total liabilities		**(28,194)**	(20,273)
Net assets		**35,561**	17,835

Financial statements **Consolidated balance sheet**

	Notes	**2022 £'000**	2021 £'000
Equity			
Share capital	24	**1,068**	1,068
Share premium account		**258**	258
Translation reserve		**(2,559)**	(2,540)
Other reserves	25	**1,112**	707
Retained earnings		**33,923**	18,019
Total equity attributable to equity shareholders		**33,802**	17,512
Non-controlling interest	27	**1,759**	323
Total equity		**35,561**	17,835

These financial statements were approved and authorised for issue by the board of directors on 26 April 2023 and signed on its behalf by:

A R Heller
Director

G J Casey
Director

Company Registration No. 112155

Consolidated statement of changes in shareholders' equity

for the year ended 31 December 2022

	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 2021	**1,068**	**258**	**(2,488)**	**707**	**16,528**	**16,073**	116	**16,189**
Profit for the year	-	-	-	-	1,491	1,491	215	1,706
Other comprehensive expense	-	-	(52)	-	-	(52)	(8)	(60)
Total comprehensive expense for the year	-	-	(52)	-	1,491	1,439	207	1,646
Dividend (note 9)	-	-	-	-	-	-	-	-
Balance at 1 January 2022	**1,068**	**258**	**(2,540)**	**707**	**18,019**	**17,512**	323	**17,835**
Profit for the year	-	-	-	-	17,612	17,612	8,494	26,106
Other comprehensive income	-	-	(19)	-	-	(19)	(24)	(43)
Total comprehensive income for the year	-	-	(19)	-	17,612	17,593	8,470	26,063
Dividend (note 9)	-	-	-	-	(1,708)	(1,708)	(7,034)	(8,742)
Share options cancelled	-	-	-	(142)	-	(142)	-	(142)
Share options issued	-	-	-	547	-	547	-	547
Balance at 31 December 2022	**1,068**	**258**	**(2,559)**	**1,112**	**33,923**	**33,802**	1,759	**35,561**

Consolidated cash flow statement

for the year ended 31 December 2022

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Cash flows from operating activities		
Operating profit	**38,976**	3,403
Adjustments for:		
Depreciation	**1,093**	2,571
Unrealised loss/(gain) on investment properties	**60**	(255)
Share based payment expense	**405**	-
Gain on investments held at FVPL	**(1,036)**	(812)
Exchange adjustments	**270**	121
Cash flow before working capital	**39,768**	5,028
Change in inventories	**(4,009)**	2,105
Change in trade and other receivables	**2,307**	(1,900)
Change in trade and other payables	**1,114**	192
Cash generated from operations	**39,180**	5,425
Interest received	**175**	22
Interest paid	**(728)**	(799)
Income tax paid	**(7,929)**	(216)
Cash flow from operating activities	**30,698**	4,432
Cash flows from investing activities		
Acquisition of reserves, property, motor vehicles, plant and equipment	**(8,480)**	(1,781)
Disposal of reserves, property, motor vehicles, plant and equipment	**20**	-
Disposal of other investments	**2,083**	705
Acquisition of other investments	**(10,207)**	(1,630)
Cash flow from investing activities	**(16,584)**	(2,706)
Cash flows from financing activities		
Borrowings drawn	**524**	46
Borrowings and lease liabilities repaid	**(55)**	(317)
Equity dividends paid	**(641)**	-
Minority dividends paid	**(7,034)**	-
Cash flow from financing activities	**(7,206)**	(271)
Net increase in cash and cash equivalents	**6,908**	1,455
Cash and cash equivalents at 1 January	**482**	(1,078)
Exchange adjustment	**(25)**	105
Cash and cash equivalents at 31 December	**7,365**	482
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents as presented in the balance sheet	**10,590**	3,018
Bank overdrafts (secured)	**(3,225)**	(2,536)
	7,365	482

Group accounting policies

for the year ended 31 December 2022

Basis of accounting

The results for the year ended 31 December 2022 have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. In applying the Group's accounting policies and assessing areas of judgment and estimation materiality is applied as detailed on page 55 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	
	2022	2021	**2022**	2021
Year-end rate	**20.5785**	20.7672	**1.2102**	1.3706
Annual average	**20.1929**	20.4060	**1.2967**	1.3685

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, a structured trade finance facility with Absa Bank Limited for R85million is held by Sisonke Coal Processing (Pty) Limited, a 100% subsidiary of Black Wattle Colliery (Pty) Limited. This facility comprises of a R85million revolving facility to cover the working capital requirements of the Group's South African operations. The facility is renewable annually 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.

The directors expect that coal market conditions for the Group' will remain at a stable and profitable level through 2023. The directors therefore have a reasonable expectation that the mine will achieve positive levels of cash generation for the Group in 2023. As a consequence, the directors believe that the Group is well placed to manage its South African business risks successfully.

In the UK, 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.

The Group holds a 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 in December 2024. The overall interest cost of the loan is 4.00% above the Bank of England base rate. All covenants on the loan were met during the year and 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.

Dragon Retail Properties Limited ("Dragon"), the Group's 50% owned joint venture, holds a Santander bank loan of £1.143million secured against its investment property, see note 14. The bank loan is secured by way of a first charge on specific freehold property at a value of £2.03 million. The interest cost of the loan is 2.75 per cent above the bank's base rate. A refinancing of this loan is currently underway. The loan originally expired in September 2020, but has been extended to October 2023. Santander have indicated that they are willing to provide a new term loan and we expect to complete this in the near future.

In 2022 a disconnect in global energy markets resulted in higher global energy prices. Although the volatility in global energy markets in 2023 is uncertain, the Directors at present do not foresee events having a significant negative impact on the Group's UK and South African operations ability to remain in operation for the foreseeable future.

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 2022.

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Group. The Group has not adopted any Standards or Interpretations in advance of the required implementation dates. The application of these new standards, amendments and interpretations are not expected to have a significant impact on the Group's income statement or balance sheet.

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 7 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 and evaluates new opportunities to extend the life of its existing mining and processing 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 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, coal demand outlook 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 de-commissioning 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 2022 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. An 28% reduction in average forecast coal prices or a 31% 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. The directors have discussed the commercial approach with the directors of the underlying joint venture and the current plan is to 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 2022, 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 14.

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

The Group's revenue from contracts with customers, as defined under IFRS 15, includes coal revenue and service charge income.

Coal revenue is derived principally from export revenue and domestic revenue.

Both export revenue and domestic 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. For export revenue this 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. For domestic coal revenues this is 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.

Coal revenue is measured based on consideration specified in the contract with a customer on a per metric tonne basis. Both export and domestic contracts are typically on a specified coal volume basis and less than a year in duration. Export contracts are typically linked to the price of Free on Board (FOB) Coal from Richards Bay Coal Terminal (API4 price). Domestic contracts are typically linked to a contractual price agreed.

Service charges recoverable from tenants are recognised over time as the service is rendered.

Lease property rental income, as defined under IFRS 16, 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.

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.

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 of the earlier 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

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 41 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 the 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.

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. Liabilities relating to short term leases are included within 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 an index or rate, initially measured using the index or rate at the commencement date. 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 available in IFRS 16. 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 Group's 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 of completion and all relevant marketing, selling and distribution costs.

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.

Notes to the financial statements

for the year ended 31 December 2022

1. SEGMENTAL REPORTING

	2022			
Business analysis	Mining £'000	Property £'000	Other £'000	**Total £'000**
Significant revenue customer A	57,381	-	-	**57,381**
Significant revenue customer B	29,934	-	-	**29,934**
Significant revenue customer C	2,167	-	-	**2,167**
Other revenue	3,931	1,108	590	**5,629**
Segment revenue	**93,413**	**1,108**	**590**	**95,111**
Operating profit before fair value adjustments & exchange movements	37,033	652	585	**38,270**
Revaluation of investments & exchange movements	(270)	(60)	1,036	**706**
Operating profit and segment result	**36,763**	**592**	**1,621**	**38,976**
Segment assets	**25,911**	**12,682**	**13,478**	**52,071**
Unallocated assets				
– Non-current assets				**53**
– Cash & cash equivalents				**10,590**
Total assets excluding investment in joint ventures and assets held for sale				**62,714**
Segment liabilities	(17,928)	(2,536)	(5)	**(20,469)**
Borrowings	(3,845)	(3,880)	-	**(7,725)**
Total liabilities	**(21,773)**	**(6,416)**	**(5)**	**(28,194)**
Net assets				**34,520**
Non segmental assets				
– Investment in joint ventures				**1,041**
Net assets as per balance sheet				**35,561**

Geographic analysis	United Kingdom £'000	South Africa £'000	**Total £'000**
Revenue	1,698	93,413	**95,111**
Operating (loss)/profit and segment result	(3,696)	42,672	**38,976**
Depreciation	(41)	(1,052)	**(1,093)**
Non-current assets excluding investments	10,688	16,324	**27,012**
Total net assets	28,285	7,276	**35,561**
Capital expenditure	46	8,434	**8,480**

1. SEGMENTAL REPORTING CONTINUED

	2021			
Business analysis	Mining £'000	Property £'000	Other £'000	**Total £'000**
Significant revenue customer A	23,206	-	-	**23,206**
Significant revenue customer B	12,656	-	-	**12,656**
Significant revenue customer C	6,169	-	-	**6,169**
Other revenue	7,195	1,119	175	**8,489**
Segment revenue	**49,226**	**1,119**	**175**	**50,520**
Operating profit before fair value adjustments & exchange movements	1,695	592	170	**2,457**
Revaluation of investments & exchange movements	(121)	255	812	**946**
Operating profit and segment result	**1,574**	**847**	**982**	**3,403**
Segment assets	**17,350**	**12,242**	**4,319**	**33,911**
Unallocated assets				
– Non-current assets				**48**
– Cash & cash equivalents				**3,018**
Total assets excluding investment in joint ventures and assets held for sale				**36,977**
Segment liabilities	(12,227)	(1,522)	(5)	**(13,754)**
Borrowings	(2,680)	(3,839)	-	**(6,519)**
Total liabilities	**(14,907)**	**(5,361)**	**(5)**	**(20,273)**
Net assets				**16,704**
Non segmental assets				
– Investment in joint ventures				**1,131**
Net assets as per balance sheet				**17,835**

Geographic analysis	United Kingdom £'000	South Africa £'000	**Total £'000**
Revenue	1,294	49,222	**50,516**
Operating profit and segment result	687	2,716	**3,403**
Depreciation	(32)	(2,539)	**(2,571)**
Non-current assets excluding investments	10,748	9,018	**19,766**
Total net assets	14,400	3,435	**17,835**
Capital expenditure	35	1,781	**1,816**

2. REVENUE

	2022 £'000	2021 £'000
Revenue from contracts with customers:		
Coal sales and processing	**93,413**	49,226
Service charges recoverable from tenants	**98**	130
Other:		
Rental income	**1,010**	989
Other revenue	**590**	175
Revenue	**95,111**	50,520

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

	2022 £'000	2021 £'000
Mining	**43,209**	38,008
Property	**269**	400
Cost of sales	**43,478**	38,408
Administration	**13,363**	9,655
Operating costs	**56,841**	48,063
The direct property costs are:		
Direct property expense	**250**	351
Bad debts	**19**	49
	269	400

Operating costs above include depreciation of £1,093,000 (2021: £2,571,000).

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:

	2022 £'000	2021 £'000
Investment (deficit)/surplus	**(60)**	255
Loss on valuation movement in respect of head lease payments	**(5)**	(26)
(Loss)/Gain on revaluation of investment properties	**(65)**	229

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2022 £'000	2021 £'000
Staff costs (see note 29)	**11,991**	7,491
Depreciation	**1,093**	2,571
Exchange loss	**(270)**	(121)
Fees payable to the company's auditor for the audit of the company's annual accounts	**50**	51
Fees payable to the company's auditor and its associates for other services:		
The audit of the company's subsidiaries pursuant to legislation	**43**	37
Audit related services	**-**	-
Non-audit related services	**-**	-
(Increase)/Decrease in value of Inventory	**(4,009)**	2,105

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 40 which is within the audited part of that report.

7. INTEREST PAYABLE

	2022 £'000	2021 £'000
On bank overdrafts and bank loans	**507**	554
Unwinding of discount	**319**	-
Lease liabilities	**25**	29
Other interest payable	**196**	216
Interest payable	**1,047**	799

8. TAXATION

	2022 £'000	2021 £'000
(a) Based on the results for the year:		
Current tax - UK	**-**	-
Current tax - Overseas	**11,520**	750
Corporation tax - adjustment in respect of prior year – UK	**-**	-
Current tax	**11,520**	750
Deferred tax	**388**	45
Total tax in income statement charge	**11,908**	795

(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% (2021: 19%).

The differences are explained below:

Profit/ Loss on ordinary activities before taxation	**38,014**	2,501
Tax on profit/ loss on ordinary activities at 19.00% (2021: 19.00%)	**7,223**	475
Effects of:		
Expenses not deductible for tax purposes	**280**	49
Capital gains\(losses) on disposal	**14**	20
Differences in tax rates to UK Tax rate	**4,491**	260
Other differences	**(100)**	(9)
Adjustment in respect of prior years	**-**	-
Total tax in income statement (credit) / charge	**11,908**	795

(c) Analysis of United Kingdom and overseas tax:

United Kingdom tax included in above:

Current tax	**-**	-
Deferred tax	**(937)**	152
	(937)	152
Overseas tax included in above:		
Current tax	**11,520**	750
Adjustment in respect of prior years	**-**	-
Current tax	**11,520**	750
Deferred tax	**1,325**	(107)
	12,845	643

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 deferred tax rate used in the UK for the year of 25% (2021: 25%) and the corporation tax rate assessed in South Africa for the year of 28% (2021: 28%) being different from the corporation tax rate in the UK.

9. SHAREHOLDER DIVIDENDS

	2022 Per share	**2022 £'000**	2021 Per share	2021 £'000
Dividends paid during the year relating to the prior period	**6p**	**641**	**-**	**-**
Dividends relating to the current period:				
Interim dividend	**10p**	**1,067**	-	-
Proposed final dividend	**4p**	**427**	4p	427
Proposed special dividend	**8p**	**854**	2p	214
	22p	**2,348**	6p	641

The interim dividend for 2022 was approved by the Board on 30th August 2022, paid on 3rd February 2023 and accounted for as payable as at 31 December 2022. The total dividends to shareholders accounted during the year of £1,708,000 (2021: £Nil) comprise of dividends paid during the year relating to the prior period of £641,000 (2021: £Nil) and the interim dividend of £1,067,000 (£Nil). The final and special dividends for 2022 are not accounted for until they have been approved at the Annual General Meeting.

10. PROFIT AND DILUTED PROFIT PER SHARE

Both the basic and diluted profit per share calculations are based on a profit after tax attributable to equity holders of the company of £17,612,000 (2021: £1,491,000). The basic profit/(loss) per share has been calculated on a weighted average of 10,676,839 (2021: 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 (2021: 10,676,839) plus the dilutive potential ordinary shares arising from share options of nil (2021: 21,923) totalling 10,676,839 (2021: 10,698,762).

11. INVESTMENT PROPERTIES

	Freehold £'000	Long Leasehold £'000	**Head Lease £'000**	**Total £'000**
Valuation at 1 January 2022	8,230	2,295	175	**10,700**
Revaluation	40	(100)	**(5)**	**(65)**
Valuation at 31 December 2022	**8,270**	**2,195**	**170**	**10,635**
Valuation at 1 January 2021	7,875	2,395	201	**10,471**
Revaluation	355	(100)	**(26)**	**229**
Valuation at 31 December 2021	**8,230**	**2,295**	**175**	**10,700**
Historical cost				
At 31 December 2022	**5,851**	**728**	**-**	**6,579**
At 31 December 2021	**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:

	2022 £'000	2021 £'000
Carter Towler	**10,465**	10,525

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

11. INVESTMENT PROPERTIES CONTINUED

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.

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 Level 3	**Valuation technique**	**Key unobservable inputs**	**Carrying/ fair value 2022 £'000**	Carrying/ fair value 2021 £'000	**Range (weighted average) 2022**	Range (weighted average) 2021
Freehold – external valuation	Income capitalisation	Estimated rental value per sq ft p.a	**8,270**	8,230	**£4 – £29 (£21)**	£6 – £29 (£21)
		Equivalent Yield			**8.9% – 15.8% (11.4%)**	8.9% – 14.7% (11.2%)
Long leasehold – external valuation	Income capitalisation	Estimated rental value per sq ft p.a	**2,195**	2,295	**£8 – £8 (£8)**	£9 – £9 (£9)
		Equivalent yield			**9.8% – 9.8% (9.8%)**	9.8% – 9.8% (9.8%)
At 31 December 2022			**10,465**	10,525		

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.

11. INVESTMENT PROPERTIES CONTINUED

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	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Freehold – external valuation	**827 / (827)**	823 / (823)	**205 / (195)**	203 / (193)
Long Leasehold – external valuation	**220 / (220)**	230 / (230)	**57 / (55)**	60 / (57)

12. MINING RESERVES, PLANT AND EQUIPMENT

	Mining reserves £'000	Mining equipment and develop-ment costs £'000	Motor vehicles £'000	Office equipment £'000	**Total £'000**
Cost at 1 January 2022	1,097	29,063	396	179	**30,735**
Exchange adjustment	(13)	134	3	1	**125**
Additions	1,248	7,117	55	60	**8,480**
Disposals	-	(23)	(69)	(72)	**(164)**
Cost at 31 December 2022	**2,332**	**36,291**	**385**	**168**	**39,176**
Accumulated depreciation at 1 January 2022	1,089	20,167	264	150	**21,670**
Exchange adjustment	10	166	3	1	**180**
Charge for the year	-	1,037	38	18	**1,093**
Disposals	-	(23)	(49)	(72)	**(144)**
Accumulated depreciation at 31 December 2022	**1,099**	**21,347**	**256**	**97**	**22,799**
Net book value at 31 December 2022	**1,233**	**14,944**	**129**	**71**	**16,377**
Cost at 1 January 2021	1,138	28,371	372	174	**30,055**
Exchange adjustment	(41)	(1,059)	(11)	(4)	**(1,115)**
Additions	-	1,772	35	9	**1,816**
Disposals	-	(21)	-	-	**(21)**
Cost at 31 December 2021	**1,097**	**29,063**	**396**	**179**	**30,735**
Accumulated depreciation at 1 January 2021	1,123	18,399	215	144	**19,881**
Exchange adjustment	(41)	(710)	(7)	(3)	**(761)**
Charge for the year	7	2,499	56	9	**2,571**
Disposals	-	(21)	-	-	**(21)**
Accumulated depreciation at 31 December 2021	**1,089**	**20,167**	**264**	**150**	**21,670**
Net book value at 31 December 2021	**8**	**8,896**	**132**	**29**	**9,065**

12. MINING RESERVES, PLANT AND EQUIPMENT CONTINUED

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

	Mining Equipment and development costs £'000	Motor vehicles £'000	**Total £'000**
Net book value at 1 January 2022	219	48	**267**
Additions	-	-	**-**
Exchange adjustment	5	-	**5**
Depreciation	(38)	(27)	**(65)**
Net book value at 31 December 2022	**186**	**21**	**207**
Net book value at 1 January 2021	263	45	**308**
Additions	-	35	**35**
Exchange adjustment	(6)	-	**(6)**
Depreciation	(38)	(32)	**(70)**
Net book value at 31 December 2021	**219**	**48**	**267**

13. INVESTMENTS HELD AS NON-CURRENT ASSETS

	2022 Net investment in joint ventures assets £'000	**2022 Other £'000**	2021 Net investment in joint ventures assets £'000	2021 Other £'000
At 1 January	**1,130**	**3,631**	1,255	1,746
Gain in investment	**-**	**718**	-	701
Additions	**-**	**9,758**	-	1,630
Disposals	**-**	**(1,517)**	-	(446)
Share of (loss)/gain in joint ventures	**(89)**	**-**	(125)	-
Net assets at 31 December	**1,041**	**12,590**	1,130	3,631

Other investments comprise of the following:

	2022 £'000	2021 £'000
Net book value of unquoted investments	**-**	-
Net book and market value of readily realisable investments listed on stock exchanges in the United Kingdom	**6,782**	1,564
Net book and market value of readily realisable investments listed on overseas stock exchanges	**5,808**	2,067
	12,590	3,631

14. JOINT VENTURES

Development Physics Limited

The company owns a third of the issued share capital of Development Physics Limited, an unlisted property development company. At year end, the negative carrying value of the investment held by the Group was £14,000 (2021: £3,000). The remaining two thirds is held equally by London & Associated Properties PLC and Metroprop Real Estate Ltd. Development Physics Limited is incorporated in England and Wales and its registered address is 12 Little Portland Street, London, W1W8BJ. It has issued share capital of 99 (2021: 99) ordinary shares of £1 each. No dividends were received during the period.

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 £606,000 (2021: £637,000). 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 12 Little Portland Street, London, W1W8BJ. It has issued share capital of 500,000 (2021: 500,000) ordinary shares of £1 each. No dividends were received during the period. It holds a Santander bank loan of £1.143million secured against its investment property. The bank loan of £1.143million is secured by way of a first charge on specific freehold property at a value of £2.038 million. The interest cost of the loan is 2.75 per cent above the bank's base rate. A refinancing of this loan is currently underway. The loan originally expired in September 2020, but has been extended to October 2023. Santander have indicated that they are willing to provide a new term loan and we expect to complete this in the near future.

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 £449,000 (2021: £496,000). 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 12 Little Portland Street, London, W1W8BJ. It has issued share capital of 1,000,000 (2021: 1,000,000) ordinary shares of £1 each. No dividends were received during the period.

14. JOINT VENTURES CONTINUED

	Development Physics £'000	Dragon £'000	West Ealing £'000	**2022 £'000**	Development Physics £'000	Dragon £'000	West Ealing £'000	2021 £'000
Turnover	-	168	53	**221**	-	168	58	226
Profit and loss:								
(Loss)/Profit before depreciation, interest and taxation	(33)	(5)	(71)	**(109)**	(10)	(32)	(215)	(257)
Depreciation and amortisation	-	(3)	-	**(3)**	-	(3)	-	(3)
(Loss)/Profit before interest and taxation	(33)	(8)	(71)	**(112)**	(10)	(35)	(215)	(260)
Interest Income	-	-	-	**-**	-	-	-	-
Interest expense	-	(51)	(1)	**(52)**	-	(31)	(1)	(32)
(Loss)/Profit before taxation	(33)	(59)	(72)	**(164)**	(10)	(66)	(216)	(292)
Taxation	-	(2)	(34)	**(36)**	-	-	38	38
(Loss)/Profit after taxation	(33)	(61)	(106)	**(200)**	(10)	(66)	(178)	(254)
Balance sheet								
Non-current assets	-	2,038	-	**2,038**	-	2,091	-	2,091
Cash and cash equivalents	2	107	9	**118**	-	27	5	32
Property inventory	348	-	8,112	**8,460**	232	-	7,494	7,726
Other current assets	2	269	47	**318**	27	374	70	471
Current borrowings	-	(1,143)	(4,399)	**(5,542)**				
Other current liabilities	(395)	(59)	(2,862)	**(3,316)**	(269)	(53)	(6,549)	(6,871)
Net current assets	(43)	(826)	907	**38**	(10)	348	1,020	1,358
Non-current borrowings	-	-	(9)	**(9)**	-	(1,165)	(28)	(1,193)
Other non-current liabilities	-	-	-	**-**	-	-	-	-
Net assets at 31 December	(43)	1,212	898	**2,067**	(10)	1,274	992	2,256
Share of net assets at 31 December	(14)	606	449	**1,041**	(3)	637	496	1,130

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%	12 Little Portland Street, London, W1W8BJ	England and Wales
Bisichi (Properties) Limited	Property	100%	12 Little Portland Street, London, W1W8BJ	England and Wales
Bisichi Northampton Limited	Property	100%	12 Little Portland Street, London, W1W8BJ	England and Wales
Bisichi Trustee Limited	Property	100%	12 Little Portland Street, London, W1W8BJ	England and Wales
Urban First (Northampton) Limited	Property	100%	12 Little Portland Street, London, W1W8BJ	England and Wales
Bisichi Mining (Exploration) Limited	Holding company	100%	12 Little Portland Street, London, W1W8BJ	England and Wales
Ninghi Marketing Limited	Dormant	90.1%	12 Little Portland Street, London, W1W8BJ	England and Wales
Bisichi Mining Management Services Limited	Dormant	100%	12 Little Portland Street, London, W1W8BJ	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

	2022 £'000	2021 £'000
Coal		
Washed	**4,758**	1,185
Mining Production	**162**	59
Work in progress	**221**	-
Other	**58**	9
	5,199	1,253

The amount of inventories recognised as an expense during the period was £35,969,000 (2021: £32,912,000).

17. TRADE AND OTHER RECEIVABLES

	2022 £'000	2021 £'000
Financial assets falling due within one year:		
Trade receivables	**4,067**	6,328
Amount owed by joint venture	**1,379**	1,067
Other receivables	**860**	984
Non-financial instruments falling due within one year:		
Prepayments and accrued income	**131**	247
	6,437	8,626

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 £89,000 (2021: £140,000).

18. INVESTMENTS IN LISTED SECURITIES HELD AT FVPL

	2022 Other £'000	2021 Other £'000
At 1 January	**685**	833
Gain in investments	**318**	110
Additions	**449**	-
Disposals	**(566)**	(258)
Market value at 31 December	**886**	685

	2022 £'000	2021 £'000
Market value of listed Investments:		
Listed in Great Britain	**686**	478
Listed outside Great Britain	**200**	207
	886	685
Original cost of listed investments	**846**	846
Unrealised surplus / deficit of market value versus cost	**40**	(161)

19. TRADE AND OTHER PAYABLES

	2022 £'000	2021 £'000
Trade payables	**8,519**	7,171
Amounts owed to joint ventures	**120**	156
Lease liabilities (Note 31)	**54**	65
Other payables	**2,000**	2,281
Accruals	**2.366**	844
Deferred Income	**223**	226
	13,282	10,743

20. FINANCIAL LIABILITIES – BORROWINGS

	Current		**Non-current**	
	2022 £'000	2021 £'000	**2022 £'000**	2021 £'000
Bank overdraft (secured)	**3,225**	2,536	**-**	-
Bank loan (secured)	**570**	130	**3,930**	3,853
	3,795	2,666	**3,930**	3,853

	2022 £'000	2021 £'000
Bank overdraft and loan instalments by reference to the balance sheet date:		
Within one year	**3,795**	2,666
From one to two years	**3,906**	11
From two to five years	**24**	3,842
	7,725	6,519
Bank overdraft and loan analysis by origin:		
United Kingdom	**3,880**	3,839
Southern Africa	**3,845**	2,680
	7,725	6,519

In South Africa, an R85million trade facility is held with Absa Bank Limited by Sisonke Coal Processing (Pty) Limited ("Sisonke Coal Processing") in order 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 plus 3.8% The facility is renewable annually, is repayable on demand and is 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 £11,482,554 (2021: £8,843,219). All banking covenants were either adhered to or waived by Absa Bank Limited during the year.

In the UK, the Group holds a £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 overall interest cost of the loan is 4.00% above the Bank of England base rate. 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 £10,465,000 (2021: £10,525,000). No banking covenants were breached by the Group during the year.

20. FINANCIAL LIABILITIES – BORROWINGS CONTINUED

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:

	2022 £'000	2021 £'000
Total bank loans and overdraft	**7,725**	6,519
Less cash and cash equivalents (excluding overdraft)	**(10,590)**	(3,018)
Net debt	**(2,865)**	3,501
Total equity attributable to shareholders of the parent	**33,802**	17,512
Gearing	**(8.5%)**	20.0%

Analysis of the changes in liabilities arising from financing activities:

	Bank borrowings £'000	Bank overdrafts £'000	Lease liabilities £'000	**2022 £'000**	Bank borrowings £'000	Bank overdrafts £'000	Lease liabilities £'000	2021 £'000
Balance at 1 January	3,983	2,536	454	**6,973**	4,207	4,846	508	9,561
Exchange adjustments	(9)	11	5	**7**	(10)	(138)	(6)	(154)
Cash movements excluding exchange adjustments	525	678	(56)	**1,147**	(214)	(2,172)	(57)	(2,443)
Additions	-	-	(5)	**(5)**	-	-	9	9
Balance at 31 December	4,499	3,225	398	**8,122**	3,983	2,536	454	6,973

21. PROVISION FOR REHABILITATION

	2022 £'000	2021 £'000
As at 1 January	**1,390**	1,442
Exchange adjustment	**6**	(52)
Increase in provision	**-**	-
Unwinding of discount	**319**	-
As at 31 December	**1,715**	1,390

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	**2022 £'000**	Financial Assets measured at amortised cost £'000	Financial Liabilities measured at amortised cost £'000	Investments held at FVPL £'000	2021 £'000
Cash and cash equivalents	10,590	-	-	**10,590**	3,018	-	-	3,018
Non-current other investments held at FVPL	-	-	12,590	**12,590**	-	-	3,631	3,631
Investments in listed securities held at FVPL	-	-	886	**886**	-	-	685	685
Trade and other receivables	6,306	-	-	**6,306**	8,379	-	-	8,379
Bank borrowings and overdraft	-	(7,725)	-	**(7,725)**	-	(6,519)	-	(6,519)
Lease Liabilities	-	(398)	-	**(398)**	-	(454)	-	(454)
Other liabilities	-	(17,261)	-	**(17,261)**	-	(11,178)	-	(11,178)
	16,896	(25,384)	13,476	**4,988**	11,397	(18,151)	4,316	(2,438)

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 2021 fall under the same category of financial instrument as 2022.

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 Bank of England in the UK and PRIME in South Africa.

22. FINANCIAL INSTRUMENTS CONTINUED

As at 31 December 2022, 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 £35,000 (2021: £80,000). The effect on equity of this change would be an equivalent decrease or increase for the year of £35,000 (2021: £80,000).

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:

	2022 £'000	2021 £'000
Within one year	**21,511**	14,122
From one to two years	**4,259**	238
From two to five years	**479**	4,391
Beyond five years	**126**	129
	26,375	18,880

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

	2022 £'000	2021 £'000
Within one month	**15,635**	11,509
From one to three months	**4,150**	1,699
From four to twelve months	**1,726**	914
	21,511	14,122

In South Africa, an R85million trade facility is held with Absa Bank Limited by Sisonke Coal Processing (Pty) Limited ("Sisonke Coal Processing") in order 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 plus 3.8% The facility is renewable annually, 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 the UK, the Group holds a £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 overall interest cost of the loan is 4.00% above the Bank of England base rate.

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 £16,896,000 (2021: £11,397,000).

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.

22. FINANCIAL INSTRUMENTS CONTINUED

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 84% (2021: 53%) 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 £89,000 (2021: £140,000). As at year end the amount of trade receivables held past due date less credit loss allowances was £159,000 (2021: £201,000). To date, the amount of trade receivables held past due date less credit loss allowances that has not subsequently been settled is £122,000 (2021: £106,000). 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 2022, cash at bank and in hand amounted to £10,712,000 (2021: £3,018,000) 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 2022 and 2021 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 2022, 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 £121,000 (2021: £218,000). 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 £201,000 (2021: £364,000). The 25% sensitivity has been determined based on the average historic volatility of the exchange rate.

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

	2022 £'000	2021 £'000
Sterling	**7,779**	1,397
South African Rand	**2,238**	1,017
US Dollar	**573**	604
	10,590	3,018

Cash and cash equivalents earn interest at rates based on Bank of England rates in Sterling and Prime in Rand.

22. FINANCIAL INSTRUMENTS CONTINUED

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

2022:	**Sterling £'000**	**South African Rands £'000**
Sterling	**14,715**	**-**
South African Rand	**45**	**(11,743)**
US Dollar	**1,971**	**-**
	16,731	**(11,743)**

2021:	**Sterling £'000**	**South African Rands £'000**
Sterling	1,123	-
South African Rand	65	(5,088)
US Dollar	1,462	-
	2,650	(5,088)

23. DEFERRED TAXATION

	2022 £'000	2021 £'000
As at 1 January	**506**	474
Recognised in income	**388**	45
Exchange adjustment	**(22)**	(13)
As at 31 December	**872**	506
The deferred tax balance comprises the following:		
Revaluations	**671**	641
Capital allowances	**3,855**	2,253
Short term timing difference	**(813)**	(832)
Unredeemed capital deductions	**(1,439)**	(1,057)
Losses and other deductions	**(1,402)**	(499)
	872	506

Refer to note 8 for details of deferred tax recognised in income in the current year. Tax rates of 25% (2021: 25%) in the UK and 27% (2021: 28%) in South Africa were utilised to calculate year end deferred tax balances.

24. SHARE CAPITAL

	2022 £'000	2021 £'000
Authorised: 13,000,000 ordinary shares of 10p each	**1,300**	1,300

Allotted and fully paid:

	2022 Number of ordinary shares	2021 Number of ordinary shares	**2022 £'000**	2021 £'000
At 1 January and outstanding at 31 December	**10,676,839**	10,676,839	**1,068**	1,068

25. OTHER RESERVES

	2022 £'000	2021 £'000
Equity share options	**1,026**	621
Net investment premium on share capital in joint venture	**86**	86
	1,112	707

26. SHARE BASED PAYMENTS

Details of the share option scheme are shown in the Directors' remuneration report on page 41 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 2021	Number of share options lapsed/surrendered /awarded during year	**Number of share for which options outstanding at 31 December 2022**
2015	**87.0p**	**Sep 2015 – Sep 2025**	300,000	(300,000)	**-**
2018	**73.50p**	**Feb 2018 – Feb 2028**	380,000	(380,000)	**-**
2022	**352.0p**	**Sep 2022 – Sep 2032**	-	760,000	**760,000**

26. SHARE BASED PAYMENTS CONTINUED

On 1 September 2022, the company entered into an agreement with A Heller and G. Casey to cancel the 300,000 options which were granted in 2015 and 380,000 options which were granted in 2018. The aggregate consideration paid by the group to effect the cancellation was £1,853,270. On 1 September 2022 the company granted additional options to the following directors of the company:

A. Heller 380,000 options at an exercise price of 352.0p per share.

G. Casey 380,000 options at an exercise price of 352.0p per share.

The options vest on date of grant and are exercisable within a period of 10 years from date of grant. There are no performance or service conditions attached to the 2022 options which are outstanding at 31 December 2022. The above options were valued at £547,200 at date of grant using the Black-Scholes-Merton model with the following assumptions:

Expected volatility 54.18% (Based on historic volatility)

Expected life 4 years

Risk free rate 1.58%

Expected dividends 6.90%

	2022 Number	**2022 Weighted average exercise price**	2021 Number	2021 Weighted average exercise price
Outstanding at 1 January	**680,000**	**79.46p**	680,000	79.46p
Lapsed/Surrendered/cancelled during the year	**(680,000)**	**79.46p**	-	-
Issued during the year	**760,000**	**352.00p**	-	-
Outstanding at 31 December	**760,000**	**352.00p**	680,000	79.46p
Exercisable at 31 December	**760,000**	**352.00p**	680,000	79.46p

27. NON-CONTROLLING INTEREST

	2022 £'000	2021 £'000
As at 1 January	**323**	116
Issue of shares in subsidiary	**1**	-
Share of profit/(loss) for the year	**8,494**	215
Dividends paid	**(7,034)**	-
Exchange adjustment	**(25)**	(8)
As at 31 December	**1,759**	323

27. NON-CONTROLLING INTEREST CONTINUED

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.

	2022 **£'000**	2021 £'000
Revenue	**93,356**	49,225
Expenses	**(63,289)**	(47,787)
Profit/(loss) for the year	**30,067**	1,438
Other comprehensive Income	**-**	-
Total comprehensive income for the year	**30,067**	1,438
Balance sheet		
Non-current assets	**16,325**	9,019
Current assets	**11,752**	9,329
Current liabilities	**(18,873)**	(14,287)
Non-current liabilities	**(3,522)**	(1,904)
Net assets at 31 December	**5,682**	2,157

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

On 12 April 2022 the total issued share capital in Black Wattle Colliery (Pty) Ltd was increased further from 1000 shares to 1002 shares at par of R1 through the following share issue:

a subscription of 1 "B" Share at par by Bisichi Mining (Exploration Limited);

a subscription of 1 "B" Share 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.

The "B" shares rank pari passu with the ordinary shares save that they have sole rights to the distributable profits attributable to certain mining reserves held by Black Wattle Colliery (Pty) Ltd. A non-controlling interest is recognised for all profits distributable to the "B" shares held by Vunani Mining (Pty) Ltd from the date of issue of the shares (12 April 2022).

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))	-	-	200	(241)
West Ealing Projects Limited (note (b))	-	(1,237)	-	(239)
Dragon Retail Properties Limited (note (c))	120	-	(36)	-
Development Physics Limited (note (d))	-	(142)	-	(75)
As at 31 December 2022	**120**	**(1,379)**	**164**	**(555)**
London & Associated Properties PLC (note (a))	41	-	200	(192)
West Ealing Projects Limited (note (b))	-	(998)	-	(158)
Dragon Retail Properties Limited (note (c))	156	-	(36)	44
Development Physics Limited (note (d))	-	(67)	-	(67)
As at 31 December 2021	**197**	**(1,065)**	**164**	**(373)**

(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.

(d) **Development Physics Limited** – Development Physics Limited ("DP") is an unlisted property company incorporated in England and Wales. DP is owned equally by the company, London & Associated Properties PLC and Metroprop Real Estate Ltd and is accounted as a joint venture and 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 40 and 41 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 £580,000 (2021: £189,000). 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 (2021: £41,000) and no repayment (2021: £nil) was made during the year.

The non-controlling interest to Vunani Mining (Pty) Ltd is shown in note 27. In addition, the Group holds an investment in Vunani Limited with a fair value of £44,000 (2021: £45,000) and an investment in Vunani Capital Partners (Pty) Ltd of £189,000 (2021: £38,000). Both are related parties to Vunani Mining (Pty) Ltd and are classified as non-current available for sale investments.

29. EMPLOYEES

	2022 £'000	2021 £'000
Staff costs during the year were as follows:		
Salaries	**8,891**	6,995
Social security costs	**580**	189
Pension costs	**300**	307
Share based payments	**2,220**	-
	11,991	7,491
	2022	2021
The average weekly numbers of employees of the Group during the year were as follows:		
Production	**213**	214
Administration	**15**	15
	228	229

30. CAPITAL COMMITMENTS

	2022 £'000	2021 £'000
Commitments for capital expenditure approved and contracted for at the year end	**-**	-

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 2022 is as follows:

	Mining Equipment & Development costs £'000	Motor Vehicles £'000	Head Lease Property £'000	**2022 £'000**	2021 £'000
Within one year	45	12	14	**71**	83
Second to fifth year	158	9	43	**210**	226
After five years	53	-	1,288	**1,341**	1,427
	256	**21**	**1,345**	**1,622**	1,736
Discounting adjustment	**(47)**	**(1)**	**(1,174)**	**(1,222)**	(1,282)
Present value	**209**	**20**	**171**	**400**	454

31. LEASE LIABILITIES AND FUTURE PROPERTY LEASE RENTALS CONTINUED

The present value of minimum lease payments at 31 December 2022 is as follows:

	Mining Equipment & Development costs £'000	Motor Vehicles £'000	Head Lease Property £'000	**2022 £'000**	2021 £'000
Within one year (Note 19)	32	11	11	**54**	65
Second to fifth year	127	9	34	**170**	260
After five years	50	-	126	**176**	129
Present value	209	20	171	**400**	454

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 126 years (2021: 127 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 106 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

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

	2022 £'000	2021 £'000
Within one year	**973**	948
Second year	**875**	830
Third year	**801**	776
Fourth year	**716**	710
Fifth year	**645**	634
After five years	**9,530**	9,956
	13,540	13,854

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:

	2022 **£'000**	2021 £'000
Rail siding	**49**	48
Rehabilitation of mining land	**1,715**	1,700
Water & electricity	**47**	46

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 during the year ended 31 December 2020 and is related to events which occurred prior to the years ended 31 December 2020. As at 26 April 2023, 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.

Company balance sheet

at 31 December 2022

	Notes	**2022 £'000**	2021 £'000
Fixed assets			
Tangible assets	35	**98**	93
Investment in joint ventures	36	**665**	665
Other investments	36	**18,946**	9,987
		19,709	10,745
Current assets			
Debtors – amounts due within one year	37	**2,754**	3,636
Debtors – amounts due in more than one year	37	**1,159**	220
Bank balances		**7,928**	788
		11,841	4,644
Creditors – amounts falling due within one year	38	**(2,514)**	(454)
Net current assets		**9,327**	4,190
Total assets less current liabilities		**29,036**	14,935
Creditors – amounts falling in more than one year	38	**(9)**	(20)
Net assets		**29,027**	14,915
Capital and reserves			
Called up share capital	24	**1,068**	1,068
Share premium account		**258**	258
Other reserves		**1,027**	622
Retained earnings	33	**26,674**	12,967
Shareholders' funds		**29,027**	14,915

The profit for the financial year, before dividends payable, was £15,415,000 (2021: loss of £203,000)

The company financial statements were approved and authorised for issue by the board of directors on 26 April 2023 and signed on its behalf by:

A R Heller
Director

G J Casey
Director

Company Registration No. 112155

Company statement of changes in equity

for the year ended 31 December 2022

	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	**Shareholders funds £'000**
Balance at 1 January 2021	1,068	258	622	13,170	15,118
Dividends paid	-	-	-	-	-
Profit and total comprehensive income for the year	-	-	-	(203)	(203)
Balance at 1 January 2022	**1,068**	**258**	**622**	**12,967**	**14,915**
Dividends paid	-	-	-	(1,708)	(1,708)
Share options cancelled	-	-	(142)	-	(142)
Share options issued	-	-	547	-	547
Profit and total comprehensive income for the year	-	-	-	15,415	15,415
Balance at 31 December 2022	**1,068**	**258**	**1,027**	**26,674**	**29,027**

Company accounting policies

for the year ended 31 December 2022

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.

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 74.

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 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 percent

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 79.

Deferred taxation

Details on the Group's accounting policy for deferred taxation can be found on page 81.

Leased assets and liabilities

Details on the Group's accounting policy for leased assets and liabilities can be found on page 80.

Pensions

Details on the Group's accounting policy for pensions can be found on page 79.

Share based remuneration

Details on the Group's accounting policy for share based remuneration can be found on page 79. Details of the share options in issue are disclosed in the directors' remuneration report on page 41 under the heading share option schemes which is within the audited part of this report.

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 £15,415,000 (2021: loss: £203,000)

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 41 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 2022	45	104	70	**219**
Additions	-	-	46	**46**
Disposals	-	-	(72)	**(72)**
Cost at 31 December 2022	45	104	44	**193**
Accumulated depreciation at 1 January 2022	-	56	70	**126**
Charge for the year	-	27	14	**41**
Disposals	-	-	(72)	**(72)**
Accumulated depreciation at 31 December 2022	-	83	12	**95**
Net book value at 31 December 2022	45	21	32	**98**
Net book value at 31 December 2021	45	48	-	**93**

Leasehold property consists of a single unit with a long leasehold tenant. The term remaining on the lease is 37 years. Motor Vehicles comprise wholly of Right of Use leased assets.

36. INVESTMENTS

	Joint ventures shares £'000	Shares in subsidiaries £'000	Other investments £'000	**Total £'000**
Net book value at 1 January 2022	665	6,356	3,631	**9,987**
Invested during the year	-	-	9,758	**9,758**
Repayment	-	-	(1,517)	**(1,517)**
Gain in investments	-	-	718	**718**
Net book value at 31 December 2022	**665**	**6,356**	**12,590**	**18,946**

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 £12,590,000 (2021: £3,631,000) shares in listed companies.

37. DEBTORS

	2022 £'000	2021 £'000
Amounts due within one year:		
Amounts due from subsidiary undertakings	**1,079**	2,421
Other debtors	**237**	94
Joint venture	**1,379**	1,065
Prepayments and accrued income	**59**	56
	2,754	3,636
Amounts due in more than one year:		
Deferred taxation	**1,159**	220
	1,159	220

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

	2022 £'000	2021 £'000
Amounts falling due within one year:		
Amounts due to subsidiary undertakings	**15**	-
Joint venture	**120**	156
Other taxation and social security	**64**	64
Other creditors	**71**	164
Lease Liabilities	**11**	26
Accruals and deferred income	**2,233**	44
	2,514	454
Amounts falling due in more than one year:		
Lease Liabilities	**9**	20

Lease liabilities comprise of leases on Motor vehicles with remaining leases of 1-3 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. RELATED PARTY TRANSACTIONS

At 31 December	At 31 December Amounts owed by related party £'000	During the year Costs recharged / accrued (to)/ by related party £'000	Cash paid (to)/ by related party £'000
Related party:			
Black Wattle Colliery (Pty) Ltd (note (a))	(145)	(972)	1,464
Ninghi Marketing Limited (note (b))	(102)	-	-
As at 31 December 2022	**(247)**	**(972)**	**1,464**
Black Wattle Colliery (Pty) Ltd (note (a))	(637)	(923)	1,617
Ninghi Marketing Limited (note (b))	(102)	-	-
As at 31 December 2021	**(739)**	**(923)**	**1,617**

(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 (2021: 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.

40. EMPLOYEES

	2022 £'000	2021 £'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	**3,264**	1,426
Social security costs	**580**	189
Pension costs	**21**	31
Share based payments	**2,220**	-
	6,085	1,646

www.bisichi.co.uk

Bisichi PLC
2nd floor,
12 Little Portland Street,
London W1W 8BJ

email: admin@bisichi.co.uk

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