

**World Coal Association**

# Audit Findings Report

Year Ended 30 September 2022

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# Executive Summary

**This report summarises the findings from the audit for the year ended 30 September 2022. It includes the findings arising from our audit of your financial statements. We should like to take this opportunity to thank you and your staff for the assistance and co-operation we have received during the course of our work.**

This report has been prepared for the sole use of the directors of World Coal Association and must not be shown to third parties without our prior consent. No responsibilities are accepted by the Firm towards any party acting or refraining from action as a result of this report.

## FINANCIAL STATEMENTS

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You are responsible for the preparation of the financial statements on a going concern basis unless this basis is inappropriate. You are also responsible for ensuring that the financial statements give a true and fair view and have been prepared in accordance with the applicable accounting standards and legislation.

## MATTERS FROM OUR AUDIT

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In accordance with International Standards on Auditing (UK) ("ISAs"), we are required to draw your attention to certain issues arising from our audit which we believe you should have in mind when considering whether to approve the final draft financial statements. The matters are set out in Sections [1](#) and [2](#) of this report.

Our work during the audit included an examination of some of the transactions and procedures to assist us in forming an opinion on the financial statements for the year ended 30 September 2022. Our work may not necessarily disclose all errors or irregularities and should not be relied upon to do so. However, if any irregularity did come to our attention during our audit tests, we would, of course, inform you immediately. We have included in this report only matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

We recognise that the number of your staff makes a complete system of internal control impracticable and that the directors exercise close personal supervision, which we consider reasonable in the circumstances. We have taken this into account in conducting our audit and in preparing this report.

## AUDIT PROCEDURES

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We refer to our engagement letter dated 28 January 2022 which sets out the terms of our audit appointment including the scope of the audit and the respective responsibilities of ourselves as auditors and yourselves as Directors. There are no changes to the terms in that letter of which you should be aware.

Our audit procedures, which are designed to enable us to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, were carried out in accordance with ISAs (UK). Our work continues to combine substantive procedures involving direct verification of balances and transactions, including obtaining confirmations from third parties where we considered this to be necessary, together with a review of your accounting systems and internal controls.

There were no changes to our audit approach, as set at planning, nor are there any additional matters to bring to your attention.

## INDEPENDENCE

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We have reviewed our independence and objectivity as auditors in the light of the Financial Reporting Council's (FRC) Ethical Standard.

As explained within [Section 1](#) of this report, we confirm that the Firm, each covered person, its partners, its senior managers, its staff and all other individuals involved in the audit (either within

# Executive Summary (cntd.)

the Firm, the PKF network or organisations external to the Firm) remain independent of the Company.

## STATUS OF AUDIT

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The audit is substantially complete, with the following matters to finalise:

- Review and approval of the financial statements by the Directors
- Receipt of signed letter of representation

## LETTER OF MANAGEMENT REPRESENTATION

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We have provided you with a draft letter setting out the representations that we require before finalising our audit opinion. The draft letter is included at [Appendix 2](#) of this report. You will see that all of the representations are general and deal with such matters as confirming the directors' responsibilities for preparing financial statements showing a true and fair view.

There are no specific representations in respect of matters where we have not been able to satisfy ourselves from the available information. Under ISAs, we are permitted to rely on representations from the Directors where audit evidence, other than that obtained by enquiry, is not reasonably expected to be available.

The Directors should carefully review each of the representations within the draft letter, in the light of their own knowledge, before it is approved by the Board. If any director believes that additional information should be included, or further explanation is required, please let us know.



**PKF Littlejohn LLP**



# 1 Findings From Our Audit

# 1. Findings From Our Audit

## OPINION ON THE FINANCIAL STATEMENTS

As at 10 May 2023, we expect to issue an unqualified audit opinion. A copy of the draft audit report is included in Appendix 1 of this report.

We have also included content which explains the extent to which our audit was considered capable of detecting irregularities including fraud.

Please note that if additional relevant audit information is identified in the course of your consideration of the draft financial statements and representation letter, it may cause us to revise our audit opinion.

We would also like to draw your attention to the link given to the FRC's website in the draft audit report. We have elected not to include the description of the auditor's responsibilities in the body of our audit report as permitted by ISA (UK) 700. Full details on our responsibilities are available via the link and are also reflected in the engagement letter.

## MISSTATEMENTS IN THE FINANCIAL STATEMENTS

There were no misstatements identified during the course of our audit work.

We have reviewed the financial statements, and have formed the view that they materially comply with the requirements of the Companies Act 2006 and relevant Accounting Standards.

Our review found no material disclosure omissions in the financial statements.

## AUDIT RISKS AND FINDINGS

Our assessment of the significant audit risks and other assessed risks for the year ended 30 September 2022, together with the findings resulting from our audit work, are as follows:

**Table 1a: Significant risks and findings**

Significant Risk	Finding
<b>Management override</b> Under ISA (UK) 240 "The Auditor's responsibility to consider fraud in an audit of financial statements", there is a presumed significant risk of management override of	We considered the potential for the manipulation of financial results to be a significant fraud risk. Our work in this area included:

Significant Risk	Finding
the system of internal controls.	<ul style="list-style-type: none"> <li>A review of journals processed during the period under review and in the preparation of the financial statements to determine whether these were appropriate.</li> <li>A review of key estimates, judgements and assumptions within the financial statements for evidence of management bias, and agree to appropriate supporting documentation.</li> <li>An assessment of whether the financial results and accounting records include any significant or unusual transactions where the economic substance is not clear.</li> </ul> We did not identify any indications of material misstatements arising from management override.
<b>Revenue recognition</b> Under ISA (UK) 240 there is a rebuttable presumption that revenue recognition is a fraud risk. The main stream of income is through the membership fees with the risk being cut	Our work in this area included: <ul style="list-style-type: none"> <li>Documenting our understanding of the internal control environment in operation for the material income streams and undertaking a</li> </ul>

# 1. Overall Audit Strategy (cntd.)

Significant Risk	Finding
off being appropriately applied.	<p>walk-through to ensure that the key controls within these systems have been operating in the period under audit;</p> <ul style="list-style-type: none"> <li>• Substantive transactional testing of income recognised in the financial statements, including deferred and accrued income balances recognised at the year-end; and</li> <li>• A review of post year-end receipts to ensure completeness of income recorded in the accounting period.</li> </ul> <p>We are satisfied that there are no material misstatements in the financial statements.</p>

Assessed Risk	Finding
<p>directors use of the going concern assumption in the preparation of the financial statements; and the appropriateness of any relevant disclosures in the financial statements.</p> <p>We therefore require the directors to make their assessment of going concern at their meeting prior to the preparation of the financial statements which must cover a period of at least 12 months from the date the financial statements will be approved. In making this assessment they will need to consider budgets, cash flow forecasts and projections.</p>	
<p><b>Related party transactions</b> ISA (UK) 550 “<b>Related Parties</b>” requires us as auditors to conclude whether:</p> <ul style="list-style-type: none"> <li>• there is sufficient audit evidence in respect of such transactions and arrangements;</li> <li>• all related parties have been identified to ensure that all material related party transactions and arrangements have been disclosed in the financial statements;</li> <li>• sufficient appropriate evidence has been obtained such that the risk of material</li> </ul>	No issues were identified in our review.

Table 1b: Other assessed risks and findings

Assessed Risk	Finding
<p><b>Going concern</b> When preparing financial statements, those charged with governance should satisfy themselves as to whether the going concern basis is appropriate. ISA (UK) 570 “<i>Going concern</i>” specifically requires the auditor to conclude on: whether a material uncertainty related to going concern exists; the appropriateness of the</p>	<p>It is a requirement of UK GAAP that, in determining that the going concern basis is appropriate, the Directors must consider a period of at least 12 months from the date of approval of the financial statements.</p> <p>We have concluded that the going concern basis of preparation remains appropriate.</p>

# 1. Overall Audit Strategy (cntd.)

Assessed Risk	Finding
<p>misstatement is reduced to an acceptably low level in respect of related parties; and</p> <ul style="list-style-type: none"><li>there is a fair presentation of such transactions and arrangements in the financial statements which is not misleading.</li></ul>	

## INDEPENDENCE

We have considered our integrity, objectivity and independence as auditors in accordance with the requirements of the Financial Reporting Council's (FRC) Ethical Standard.

We confirm that there are no facts or matters to make you aware of nor have there been any changes to the assessment and conclusions reached. Consequently, the Firm, each covered person, its partners, its senior managers, its staff and all other individuals involved in the audit (either within the Firm, the PKF network, or organisations external to the Firm) remain independent of the Company.

Please advise us if you require any further information or explanations concerning the above or any other matters relating to our independence.

## SIGNIFICANT MATTERS DISCUSSED WITH MANAGEMENT

We did not identify any significant matters discussed with management which we believe should be brought to your attention.

## SIGNIFICANT DIFFICULTIES ENCOUNTERED

In the previous year we encountered delays in providing information and certain controls not operating during the year. This resulted in additional audit costs.

We are pleased to report that the 2022 audit progressed well and similar issues did not arise.

## SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

It is the responsibility of the directors to develop and implement systems of internal control and to put in place proper

arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider the internal control system that has been put in place by the directors in order to assess the adequacy as a basis for the preparation of the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the systems of internal control. Our work during the audit included an examination of some of the Company's transactions, procedures and controls to assist us in forming an opinion on the financial statements for the year.

This work was not directed primarily towards discovering weaknesses or towards the detection of fraud. We have only considered matters that have come to our attention as a result of our normal audit procedures, and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

In the previous year we highlighted a number of issues that arose during our audit and made recommendations to improve matters. A significant amount of time has been spent getting the opening balances correct and reposting transactions to ensure that the year end position for audit was clean. As such we consider that the recommendations made in the previous year have been sufficiently addressed and do not require any further actions.

There are no new matters we need to draw to your attention.

## MATTERS OF GOVERNANCE INTEREST

We did not identify any significant matters relating to the governance of the Company which we feel should be drawn to your attention in the context of the approval of the financial statements.

## OTHER MATTERS TO BE REPORTED BY EXCEPTION

Under the Companies Act, we are required to state whether, in our opinion, based on the work undertaken in the course of the audit:

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



# 1. Overall Audit Strategy (cntd.)

In our opinion, the information given in the directors' report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

In addition, we also have a statutory responsibility to report by exception if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us;
- the Company's financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all of the information and explanations which we consider necessary for the purpose of our audit ; and
- you have prepared financial statements in accordance with the small companies regime or have taken advantage of the small companies' exemptions in preparing your directors' report and from the requirement to prepare a strategic report and we are of the opinion that you were not entitled to do so.

We confirm that we are satisfied in these respects, and will confirm in our audit report that we have nothing to report in respect of these matters.

## ACCOUNTING POLICIES

We have considered the accounting policies adopted by the Company for its financial statements. Inter alia we have considered the requirements of applicable accounting standards and the practices of other companies in your sector.

We are satisfied that the financial statements give a true and fair view on the basis of the accounting policies adopted. We do note that the amortisation policy has not been appropriately applied.

## ACCOUNTING ESTIMATES

We have reviewed the accounting estimates applied by the Company and determined the following as having a risk of material misstatement to the financial statements as a whole and at the assertion level.

Our audit procedures specifically considered the levels of estimation uncertainty, complexity, subjectivity and other inherent risk factors involved in each accounting estimate and their related disclosures.

Our work on the aforementioned accounting estimates involved reviewing events occurring up to the date of the audit report and testing how management made the estimate.

We have concluded that, in the context of the financial reporting framework, the accounting estimates applied, and their related disclosures are reasonable.

## COMPLIANCE WITH LAWS AND REGULATIONS

In our opinion, the areas of law and regulation which are relevant to the financial statements are as follows:

- Companies Act 2006
- FRS 102
- UK tax regulation

Management has confirmed that it is aware of any breaches. We did not identify any breaches in the course of our audit work

Our audit report includes a statement on the extent to which our audit was considered capable of detecting irregularities, including fraud. As shown within [Appendix 1](#), we have referred to the procedures we carried out when addressing the risks of material misstatement arising from non-compliance with laws and regulations.

## AUDIT AND NON-AUDIT COSTS

The audit costs for the year ended 30 September 2022 will be in line with expectations.



# 2 Audit Adjustments

## 2. Audit Adjustments

The auditing standards require that we report to you all misstatements which we identified as a result of the audit process and which were not adjusted, unless those matters are clearly trivial in size or nature. We bring them to your attention to aid you in fulfilling your governance responsibilities.

There are no misstatements to report.



# Appendix 1 - Draft Independent Auditor's Report

# Appendix 1 - Draft Independent Auditor's Report

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD COAL ASSOCIATION

### Opinion

We have audited the financial statements of World Coal Association (the 'company') for the year ended 30 September 2022 which comprise the Statement of Income and Expenditure, the Statement of Financial Position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

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

### Other information

The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the directors' 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

# Appendix 1 - Draft Independent Auditor's Report (cntd.)

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.

## **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

# Appendix 1 - Draft Independent Auditor's Report (cntd.)

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management and experience in the sector.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from Companies Act 2006 and relevant tax legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the company with those laws and regulations. These procedures included, but were not limited to review of minutes.
- We also identified the risks of material misstatement of the financial statements due to fraud. We did not consider there to be any risk, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

## **Use of our report**

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

# Appendix 1 - Draft Independent Auditor's Report (cntd.)

**Alastair Duke (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

2023





# Appendix 2 - Draft Letter of Management Representation

# Appendix 2 - Draft Letter of Management Representation

*This letter should be printed on the client's headed paper.*

PKF Littlejohn LLP

Date [of approval of financial statements]

15 Westferry Circus

Canary Wharf

London

E14 4HD

Dear Sirs

We confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation, sufficient to satisfy ourselves that we can properly make each of the following representations to you in connection with your audit of the financial statements of World Coal Association (the "Company") for the year ended 30 September 2022.

## **General representations**

- 1 We have fulfilled our responsibilities under the Companies Act 2006 ("the Act"), and as set out in your engagement letter, for preparing financial statements that give a true and fair view of the state of the Company's affairs at the end of the financial year and of the Company's profit for the financial year in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), and for making accurate representations to you.
- 2 All the accounting records and relevant information have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the Company, and with all other records and related information requested, including minutes of all management and shareholder meetings.
- 3 All the transactions undertaken by the Company have been properly reflected and recorded in the accounting records.
- 4 The financial statements are free of material misstatements, including omissions.
- 5 We have informed you of all documents that we expect to issue comprising of other information (e.g. directors' report) and that the information included therein is consistent with the financial statements and does not contain any material misstatements.
- 6 We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.
- 7 Each director has taken all the steps that he/she ought to have taken as a director in order to make himself aware of any relevant audit information (as defined in Section 418 of the Act) and to establish that you are aware of that information.

## **Internal control and fraud**

- 8 We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our assessment of the risk that the financial statements may be misstated as a result of fraud.

# Appendix 2 - Draft Letter of Management Representation (cntd.)

- 9 We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
- 10 We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

## **Assets and liabilities**

- 11 The Company has satisfactory title to all assets and there are no liens or encumbrances on the Company's assets, except for those that are disclosed in the notes to the financial statements.
- 12 All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
- 13 We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

## **Accounting estimates**

- 14 The methods, the data, and the significant assumptions used by us in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement or disclosure that are reasonable in the context of the financial reporting framework.

## **Loans and arrangements**

- 15 The Company has not granted any advances or credits to, or made guarantees on behalf of, directors other than those disclosed in the financial statements.

## **Legal claims**

- 16 We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.
- 17 We are not aware of any material provisions, contingent liabilities, contingent assets or contracted-for capital commitments that need to be provided for or disclosed in the financial statements in accordance with the financial reporting framework.

## **Laws and regulations**

- 18 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations, including any breaches or possible breaches of statute, regulations, contracts, agreements or the Company's Memorandum and Articles of Association, whose effects should be considered when preparing the financial statements.

## **Related parties**

- 19 Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with the requirements of company law or accounting standards.

## **Subsequent events**

- 20 All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed. Should further material events occur that may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, we will advise you accordingly.


# Appendix 2 - Draft Letter of Management Representation (cntd.)

## Going concern

- 21 We believe that the Company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Company's needs. We have considered a period of at least twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the Company's ability to continue as a going concern need to be made in the financial statements.
- 22 The assessment of the Company's ability to continue as a going concern takes account of our plans for future actions. We believe that the outcome of those plans will improve the Company's financial position and that our plans are feasible based on the circumstances relevant to the Company.

Yours faithfully

Signed on behalf of the board of Directors of World Coal Association



## Appendix 3 - Financial Reporting and Legislative Developments

# Appendix 3 - Financial Reporting and Legislative Developments

Future financial reporting and legislative developments which may be of relevance to the Company are detailed below. This information is provided as a summary only. Where the Company requires further information, it should obtain appropriate advice and assistance accordingly.

## UK GAAP

### Proposed amendments to FRS 102 and other FRSs (periodic review)

The Financial Reporting Council's (FRC) financial reporting standards, including FRS 102, are subject to periodic reviews. The second periodic review is in progress and Financial Reporting Exposure Draft (FRED) 82 proposes numerous amendments to FRS 102 and other UK GAAP standards.

Should the proposals be agreed, they will become effective for periods commencing on or after January 2025. The key areas of change are presented in the following table:

Key area of change	Overview of the proposed amendments
<b>Revenue recognition</b>	One of the biggest changes is the alignment of FRS 102 and FRS 105 with the revenue recognition model of IFRS 15. This will bring in the five-step model for revenue recognition to provide a single comprehensive framework, resulting in more reliable reporting and increased comparability between entities. Simplifications in the revenue recognition requirements, compared to IFRS 15, are proposed by the FRC.
<b>Lease accounting</b>	The other significant change is the alignment of FRS 102 with the lease accounting requirements of IFRS 16. The FRC expects that an on-balance sheet model will provide more faithful representation of leasing transactions and more useful information to the users of the financial statements. The simplest transition method (the modified retrospective approach) would be mandated on transition for all preparers, meaning comparative figures will not need to be restated. Simplifications in the lease accounting requirements, compared to IFRS 16, are proposed by the FRC.  This model is not being proposed for introduction in FRS 105.
<b>Fair value measurement</b>	In the extant FRS 102, the Appendix to Section 2 sets out the methodology to estimate fair value. FRED 82 proposes amendments to align FRS 102 with the fair value principles of IFRS 13, providing more comprehensive guidance on fair value measurement.
<b>Concepts and principles</b>	FRED 82 proposes revisions to Section 2 of FRS 102 and FRS 105 to reflect the International Accounting Standards Board's (IASB) 2018 Conceptual Framework for Financial Reporting, but with simplified wording. The FRC expects that this will support consistent principles for accounting by all entities.
<b>Small entity disclosures</b>	Prior to the UK's departure from the European Union, as a matter of law for small entities, the minimum disclosure requirements could not be changed or added to. Post-Brexit, more disclosures can now be required for UK-entities. The amendments conferred by FRED 82 would provide more clarity for UK entities applying Section 1A regarding which disclosures need to be included in order to give a true and fair view. As well as some additional disclosures in the standard, the 'encouraged' disclosures for small UK entities would become mandated.  These amendments would not apply for Republic of Ireland entities as there has been no change to the legal requirements in that jurisdiction.