

Registration number 02668844

Gwynfynydd Gold Mine Ltd
Director's report and financial statements
for the year ended 31 December 2007



Gwynfynydd Gold Mine Ltd

Company information

Director	Roland Frank Phelps
Secretary	Mrs Mai Parry Roberts
Company number	02668844
Registered office	41 Frithwood Avenue Northwood Middlesex HA6 3LY
Auditors	Francis Gray 57 North Parade Aberystwyth Ceredigion SY23 2JN
Business address	3A St Kildas Road Harrow Middlesex HA1 1QD
Bankers	Barclays Bank Plc 5 High Road Willesden Green London NW16 2TE

Gwynfynydd Gold Mine Ltd

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Gwynfynydd Gold Mine Ltd

Director's report for the year ended 31 December 2007

The director presents his report and the financial statements for the year ended 31 December 2007

Principal activity and review of the business

The principal activities of the group are the mining, manufacture and retail of gold and jewellery

The company did not trade during the year

Results and dividends

The results for the year are set out on page 5

The director does not recommend payment of a final dividend

Financial risk management objectives and policies

The director acknowledges that he has overall responsibility for the company's system of internal financial control and for monitoring its effectiveness, and that such a system can only provide reasonable and not absolute assurance against material misstatements or loss. The company is a wholly owned subsidiary, therefore in order to provide effective financial control, members of the Board of the parent company, Welsh Gold plc, include three non-executive directors who are independent and whose views carry significant weight in the decision making of the board, and who examine the effectiveness of these systems. The board maintains full control and direction over appropriate strategic, financial, organisational and compliance issues. The external auditors are engaged to express an opinion on the financial statements. They discuss with management the reporting of operational results and the financial condition of the group.

Payments of creditors

Company law requires a public company and a company within a group with a plc to state its policy and practice on the payment of trade creditors. The company has no fixed payment policy but adheres to such terms as are agreed upon as and when contracts are entered into with suppliers.

Director

The director who served during the year are as stated below

Roland Frank Phelps

Director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements the director is required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,

Gwynfynydd Gold Mine Ltd

**Director's report
for the year ended 31 December 2007**

- state 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 will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the director is aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken to make aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Francis Gray be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 22 July 2008 and signed on its behalf by



**Roland Frank Phelps
Director**

Gwynfynydd Gold Mine Ltd

Independent auditors' report to the shareholders of Gwynfynydd Gold Mine Ltd

We have audited the financial statements of Gwynfynydd Gold Mine Ltd for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and the auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the director's report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Gwynfynydd Gold Mine Ltd

Independent auditors' report to the shareholders of Gwynfynydd Gold Mine Ltd continued

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements



Francis Gray
Chartered Accountants and
Registered Auditor
18 July 2008

57 North Parade
Aberystwyth
Ceredigion
SY23 2JN

Gwynfynydd Gold Mine Ltd

**Profit and loss account
for the year ended 31 December 2007**

		Continuing operations	
		2007	2006
	Notes	£	£
Turnover	2	30,000	28,726
Administrative expenses		(1,432)	(680)
Other operating income		43	1,275
Operating profit	3	<u>28,611</u>	<u>29,321</u>
Profit on sale of property		45,000	-
Profit on ordinary activities before interest		<u>73,611</u>	<u>29,321</u>
Other interest receivable and similar income	5	-	106
Profit on ordinary activities before taxation		<u>73,611</u>	<u>29,427</u>
Tax on profit on ordinary activities		-	-
Profit on ordinary activities after taxation		<u>73,611</u>	<u>29,427</u>
Profit for the year		<u>73,611</u>	<u>29,427</u>
Accumulated loss brought forward		(496,514)	(497,895)
Reserve Movements	10	(88,611)	(28,046)
Accumulated loss carried forward		<u>(511,514)</u>	<u>(496,514)</u>

There are no recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 8 to 11 form an integral part of these financial statements.

Gwynfynydd Gold Mine Ltd

**Balance sheet
as at 31 December 2007**

		2007		2006	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	7		-		15,000
Current assets					
Cash at bank and in hand		5,119		5,119	
		<u>5,119</u>		<u>5,119</u>	
Creditors: amounts falling due within one year	8	<u>(33,633)</u>		<u>(33,633)</u>	
Net current liabilities			(28,514)		(28,514)
Deficiency of assets			<u>(28,514)</u>		<u>(13,514)</u>
Capital and reserves					
Called up share capital	9		483,000		483,000
Profit and loss account			(511,514)		(496,514)
Equity shareholders' funds	10		<u>(28,514)</u>		<u>(13,514)</u>

The financial statements were approved by the Board on 22 July 2008 and signed on its behalf by

R. Phelps

Roland Frank Phelps
Director

The notes on pages 8 to 11 form an integral part of these financial statements.

Gwynfynydd Gold Mine Ltd

**Cash flow statement
for the year ended 31 December 2007**

	Notes	2007 £	2006 £
Reconciliation of operating profit to net cash inflow/(outflow) from operating activities			
Operating profit		28,611	29,321
Increase in creditors		-	(1,275)
Increase in provisions		(88,611)	(28,046)
Net cash inflow/(outflow) from operating activities		<u>(60,000)</u>	<u>-</u>
Cash flow statement			
Net cash inflow/(outflow) from operating activities		(60,000)	-
Returns on investments and servicing of finance	14	-	106
Capital receipt	14	60,000	-
Increase in cash in the year		<u>-</u>	<u>106</u>
Reconciliation of net cash flow to movement in net funds (Note 15)			
Increase in cash in the year		-	106
Net funds at 1 January 2007		<u>5,119</u>	<u>5,013</u>
Net funds at 31 December 2007		<u>5,119</u>	<u>5,119</u>

Gwynfynydd Gold Mine Ltd

Notes to the financial statements for the year ended 31 December 2007

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

The company has consistently applied all relevant accounting standards

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

Land and buildings - The directors do not consider it appropriate to depreciate the land

1.4. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the director consider that a liability to taxation is unlikely to materialise

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK

3. Operating profit

Operating profit is stated after charging
Auditors' remuneration (Note 4)

2007	2006
£	£
650	650

4. Auditors' remuneration

Auditors' remuneration - audit of the financial statements

2007	2006
£	£
650	650

5. Interest receivable and similar income

Bank interest

2007	2006
£	£
-	106

Gwynfynydd Gold Mine Ltd

Notes to the financial statements for the year ended 31 December 2007

continued

6. Employees

There were no employees during the year apart from the director

7. Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 January 2007	15,000	149,393	5,306	169,699
Disposals	(15,000)	(149,393)	(5,306)	(169,699)
At 31 December 2007	-	-	-	-
Depreciation				
At 1 January 2007	-	149,393	5,306	154,699
On disposals	-	(149,393)	(5,306)	(154,699)
At 31 December 2007	-	-	-	-
Net book values				
At 31 December 2007	-	-	-	-
At 31 December 2006	15,000	-	-	15,000

The mine originally cost £103,674 and was revalued upwards by the directors on 27th January 1995 to £1,026,000. A reduction in this valuation was recognised at the end of 1998 when the mine was revalued at £521,000. A further reduction was recognised at the end of 1999 to £64,500. At the end of 2001 the directors had revalued the mine at £15,000. The mine and its associated plant and machinery and fixtures were sold for £60,000 on 22nd October 2007 generating a profit on disposal of £45,000. All revaluations have previously been recognised in the financial statements.

8. Creditors: amounts falling due within one year	2007 £	2006 £
Amounts owed to group undertaking	29,105	29,105
Director's accounts	4,528	4,528
	<u>33,633</u>	<u>33,633</u>

Gwynfynydd Gold Mine Ltd

Notes to the financial statements for the year ended 31 December 2007

continued

9. Share capital	2007	2006
	£	£
Authorised equity		
1,000,000 Ordinary shares of 1 each	1,000,000	1,000,000
Allotted, called up and fully paid equity		
483,000 Ordinary shares of 1 each	483,000	483,000
10. Reconciliation of movements in shareholders' funds	2007	2006
	£	£
Profit for the year	73,611	29,427
Other recognised gains or losses	(88,611)	(28,046)
Net addition to shareholders' funds	(15,000)	1,381
Opening shareholders' funds	(13,514)	(14,895)
Closing shareholders' funds	(28,514)	(13,514)

11. Related party transactions

Gwynfynydd Gold Mine Ltd, Gold (Wales) Ltd and Celtic Gold Jewellery Company Ltd are all wholly owned subsidiaries of Welsh Gold plc. During the year the company did not purchase or sell goods in the normal course of business from or to any group companies.

	2007	2006
	£	£
Amounts due to:		
Welsh Gold plc	504,714	593,325
Provision against amounts due to Welsh Gold plc	(504,714)	(593,325)
Gold (Wales) Ltd	29,083	29,083
Celtic Gold Jewellery Ltd	22	22
	<u>29,105</u>	<u>29,105</u>

12. Ultimate parent undertaking

The ultimate parent company is Welsh Gold plc which is incorporated in England & Wales. It owns all the issued share capital and has included the company in its group accounts, copies of which are available from its registered office.

Gwynfynydd Gold Mine Ltd

**Notes to the financial statements
for the year ended 31 December 2007**

continued

13. Controlling interest

The company is under the control of the managing director Mr Roland Phelps

14. Gross cash flows

	2007	2006
	£	£
Returns on investments and servicing of finance		
Interest received	-	106
	<u> </u>	<u> </u>
Capital expenditure		
Receipts from sales of tangible assets	60,000	-
	<u> </u>	<u> </u>

15. Analysis of changes in net funds

	Opening balance	Closing balance
	£	£
Cash at bank and in hand	5,119	5,119
	<u> </u>	<u> </u>
Net funds	<u>5,119</u>	<u>5,119</u>