

**Registration number 02668844**

**Gwynfynydd Gold Mine Ltd**  
**Director's report and financial statements**  
**for the year ended 31 December 2008**

**SATURDAY**



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## **Gwynfynydd Gold Mine Ltd**

### **Company information**

Director	Roland Frank Phelps
Secretary	Roland Phelps
Company number	02668844
Registered office	3A St. Kildas Road Harrow Middlesex HA1 1QD
Auditors	Francis Gray Chartered Accountants 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 2008**

The director presents his report and the financial statements for the year ended 31 December 2008.

### **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, except to make a one off sale of scrap metal.

### **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 is 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 has 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 2008**

..... continued

- 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 Chartered Accountants be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 20 July 2009 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 2008 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 2008 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  
20 July 2009**

**57 North Parade  
Aberystwyth  
Ceredigion  
SY23 2JN**

**Gwynfynydd Gold Mine Ltd**

**Profit and loss account  
for the year ended 31 December 2008**

		<b>Continuing operations</b>	
		<b>2008</b>	<b>2007</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	29,275	30,000
Administrative expenses		(502)	(1,432)
Other operating income		-	43
<b>Operating profit</b>	<b>3</b>	28,773	28,611
Profit on sale of property		-	45,000
<b>Profit on ordinary activities before taxation</b>		28,773	73,611
Tax on profit on ordinary activities		-	-
<b>Profit for the year</b>		28,773	73,611
Accumulated loss brought forward		(511,514)	(496,514)
Reserve Movements	<b>8</b>	(28,500)	(88,611)
<b>Accumulated loss carried forward</b>		(511,241)	(511,514)

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 2008**

		2008		2007	
	Notes	£	£	£	£
<b>Current assets</b>					
Cash at bank and in hand		5,337		5,119	
		<u>5,337</u>		<u>5,119</u>	
<b>Creditors: amounts falling due within one year</b>	<b>6</b>	<u>(33,578)</u>		<u>(33,633)</u>	
<b>Net current liabilities</b>			<u>(28,241)</u>		<u>(28,514)</u>
<b>Total assets less current liabilities</b>			<u>(28,241)</u>		<u>(28,514)</u>
<b>Deficiency of assets</b>			<u>(28,241)</u>		<u>(28,514)</u>
<b>Capital and reserves</b>					
Called up share capital	7		483,000		483,000
Profit and loss account			<u>(511,241)</u>		<u>(511,514)</u>
<b>Shareholders' funds</b>	<b>8</b>		<u>(28,241)</u>		<u>(28,514)</u>

The financial statements were approved by the Board on 20 July 2009 and signed on its behalf by

**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 2008**

	Notes	2008 £	2007 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		28,773	28,611
(Decrease) in creditors		(55)	-
Increase in provisions		28,500	88,611
<b>Net cash inflow from operating activities</b>		<u>218</u>	<u>(60,000)</u>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		218	(60,000)
Capital expenditure	12	-	60,000
<b>Increase in cash in the year</b>		<u>218</u>	<u>-</u>
<b>Reconciliation of net cash flow to movement in net funds (Note 13)</b>			
<b>Increase in cash in the year</b>		218	-
<b>Net funds at 1 January 2008</b>		<u>5,119</u>	<u>5,119</u>
<b>Net funds at 31 December 2008</b>		<u>5,337</u>	<u>5,119</u>

**Gwynfynydd Gold Mine Ltd**

**Notes to the financial statements**  
**for the year ended 31 December 2008**

**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. Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**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 (loss)/profit**

Operating (loss)/profit is stated after charging:

Auditors' remuneration (Note 4)

2008	2007
£	£
500	650
<u>500</u>	<u>650</u>

**Gwynfynydd Gold Mine Ltd**

**Notes to the financial statements  
for the year ended 31 December 2008**

..... continued

**4. Auditors' remuneration**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration - audit of the financial statements	<u>500</u>	<u>650</u>

**5. Employees**

There were no employees during the year apart from the director.

**6. Creditors: amounts falling due within one year**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Amounts owed to group undertaking	29,105	29,105
Director's accounts	4,473	4,528
	<u>33,578</u>	<u>33,633</u>

**7. Share capital**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Authorised equity</b>		
1,000,000 Ordinary shares of 1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid equity</b>		
483,000 Ordinary shares of 1 each	<u>483,000</u>	<u>483,000</u>

**8. Reconciliation of movements in shareholders' funds**

	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Profit for the year	28,773	73,611
Other recognised gains or losses	(28,500)	(88,611)
Net addition to shareholders' funds	<u>273</u>	<u>(15,000)</u>
Opening shareholders' funds	(28,514)	(13,514)
Closing shareholders' funds	<u>(28,241)</u>	<u>(28,514)</u>

# Gwynfynydd Gold Mine Ltd

## Notes to the financial statements for the year ended 31 December 2008

..... continued

### 9. 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.

	2008	2007
	£	£
Amounts due to:		
Welsh Gold plc	476,214	504,714
- provision against amount due to Welsh Gold plc	(476,214)	(504,714)
Gold (Wales) Ltd	29,083	29,083
Celtic Gold Jewellery Company Ltd	22	22
	<u>29,105</u>	<u>29,105</u>

### 10. 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.

### 11. Controlling interest

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

### 12. Gross cash flows

	2008	2007
	£	£
Capital expenditure		
Receipts from sales of tangible assets	<u>-</u>	<u>60,000</u>

**Gwynfynydd Gold Mine Ltd**

**Notes to the financial statements  
for the year ended 31 December 2008**

..... continued

**13. Analysis of changes in net funds**

	<b>Opening balance</b>	<b>Cash flows</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	5,119	218	5,337
<b>Net funds</b>	<u>5,119</u>	<u>218</u>	<u>5,337</u>