

Company Number 03607558

BASERESULT HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2012



BASERESULT HOLDINGS LIMITED
DIRECTORS AND OFFICERS

DIRECTORS

K P Williams
D J Stone
A P Shoesmith

SECRETARY

G Hall

REGISTERED OFFICE

South Crofty Mine
Dudnance Lane
Pool, Redruth
Cornwall TR15 3QT

BASERESULT HOLDINGS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 OCTOBER 2012

The Directors present their Report and the financial statements of the company (Registered number: 03607558) for the year ended 31 October 2012

Principal Activities, Current Position and Outlook

Following a restructure in December 2009 the Company's investment in South Crofty Mine is via a shareholding in Cornish Minerals Limited (CML). The Mine's operator, Western United Mines Limited (WUM), is now a wholly owned subsidiary of CML.

Full planning permissions for mining operations both on surface and underground have now been confirmed by Decision Notices from the Mineral Planning Authority (Cornwall Council).

Exploration diamond drilling continues from underground at the South Crofty site alongside the technical work in preparation for a Preliminary Economic Assessment (PEA) in order to inform an eventual production decision. Given adequate investment finance it is anticipated that a PEA could be completed by early 2014.

The first planning application for use change of the Company's land following the Mine's surface operations relocation was submitted in June, 2012. The application comprised 107 dwelling units and a Care Home on 2.56ha of land to the north of the site. A Decision Notice from the Planning Authority confirming the consent is awaited.

Directors

The following directors have held office since 1 November 2011:

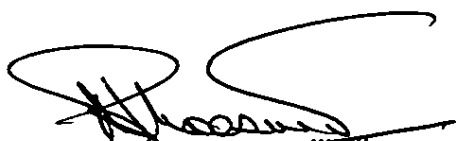
David John Stone

Kevin Peter Williams

Alan Peter Shoesmith

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

By Order of the Board



Alan Shoesmith - Director

3 July 2013
Date

(1)

BASERESULT HOLDINGS LIMITED
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION
OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 have elected to prepare the 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 company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently,
- b. make judgements and accounting estimates that are reasonable and prudent,
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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. 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.

BASERESULT HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2012

	Notes	31 10 12	31 10 11
Turnover	1	207	4,202
Cost of sales		-	-
Gross profit		<u>207</u>	<u>4,202</u>
Administrative expenses		(14,313)	(34,140)
OPERATING LOSS		<u>(14,106)</u>	<u>(30,938)</u>
Profit on sale of fixed assets	17	287,310	446,305
Investment income	2	5	(56,660)
		<u>273,209</u>	<u>358,707</u>
Interest payable and similar charges	3	(427,269)	(412,101)
Loss on Ordinary Activities Before Taxation	4	<u>(154,060)</u>	<u>(53,394)</u>
Taxation	6	-	-
Loss on Ordinary Activities After Taxation	14	<u>£ (154,060)</u>	<u>£ (53,394)</u>

The Notes on pages 7 to 15 form part of these financial statements.

The operating loss for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

BASERESULT HOLDINGS LIMITED
BALANCE SHEET
AS AT 31 OCTOBER 2012

Company Registration No. 03607558

	Notes	2012	2011
Fixed Assets			
Tangible Assets	7	692,762	774,428
Investments	8	5,550,981	5,550,981
		<u>6,243,743</u>	<u>6,325,409</u>
Current Assets			
Debtors	9	334,953	288,769
Cash at Bank and in hand		24,918	26,357
		<u>359,871</u>	<u>315,126</u>
Creditors: Amounts falling due within one year	10	(1,627,681)	(2,009,865)
Net Current Liabilities		<u>(1,267,810)</u>	<u>(1,694,739)</u>
Total Assets Less Current Liabilities		<u>£ 4,975,933</u>	<u>£ 4,630,670</u>
Creditors: Amounts falling due after more than one year	11	10,196,134	9,696,811
Capital and Reserves			
Called up Share Capital	12	5,000	5,000
Share Premium Account	13	606,000	606,000
Profit and Loss Account	14	(5,831,201)	(5,677,141)
Shareholder's Deficit	15	<u>(5,220,201)</u>	<u>(5,066,141)</u>
		<u>£ 4,975,933</u>	<u>£ 4,630,670</u>

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime

For the year ended 31 October 2012 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 476

The directors acknowledge their responsibility for ensuring the company keeps accounting records which comply with section 386, preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year and of its profit and loss for the financial year in accordance with section 393, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company

These Accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 3 to 14 were approved by the board of directors and authorised for issue on 3 July 2013 and are signed on its behalf by

A handwritten signature in black ink, appearing to read 'A. Shoesmith', with a horizontal line underneath.

Alan Shoesmith - Director

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of Accounting

These financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and on a going concern basis

Advantage has been taken of the exemption conferred by Financial Reporting Standard 1 and no cash flow statement has accordingly been produced

Going Concern

The company has made a loss of £154,060 (2011 £53,394) after tax and has accumulated losses of £5,831,201 (2011: £5,677,141) These losses have been financed by short term and long term loans from the bank, directors and shareholders and the company therefore has net current liabilities of £1,267,810 (2011 £1,694,739), and net liabilities of £5,220,201 (2011 £5,066,141) The accounts have been prepared under the going concern basis due to the continuing support of the directors, shareholders and other lenders to the company

The company has a significant investment in Cornish Minerals Limited which, through its subsidiary, Western United Mines Limited, took over the mining activities of the company on 1st November 2007, and the mine currently continues to be developed within that group The remaining significant asset of Baseresult Holdings Limited is the land around the mine, which is expected to provide mixed use development opportunities At this stage the directors are satisfied that the remaining assets of the company will return significant returns when all developments begin to crystallise, and on this basis, as well as the continued support of the directors, shareholder and other lenders, are satisfied that the company is a going concern and that the accounts should be prepared on that basis

Depreciation

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write each asset down to their residual value, on a straight line basis, over their expected useful lives at the following rates

Mining Equipment	10%
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BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

ACCOUNTING POLICIES (Continued)

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Any deferred tax asset arising on trading losses will only be recognised to the extent that it is recoverable. Deferred tax is measured on a non-discounted basis.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(1) TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's loss before taxation was derived from its principal activity, wholly undertaken in the United Kingdom.

	<u>2012</u> £	<u>2011</u> £
(2) INVESTMENT INCOME		
Interest receivable	£ 5	£ (56,660)
	<u>£ 5</u>	<u>£ (56,660)</u>

2011 the interest receivable on the loan provided to Western United Mines Limited was waived on capitalisation of the loans as described in note 8 and 17

	<u>2012</u> £	<u>2011</u> £
(3) INTEREST PAYABLE		
Bank loan interest	88,275	79,508
Long term interest	338,994	332,173
Short term interest	-	420
	<u>£ 427,269</u>	<u>£ 412,101</u>

	<u>2012</u> £	<u>2011</u> £
(4) LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		
Loss on ordinary activities before taxation is stated after charging -		
Depreciation on tangible fixed assets		
owned assets	11,976	11,976
Auditor's remuneration	-	4,500
	<u>11,976</u>	<u>16,476</u>

(5) DIRECTORS' REMUNERATION

The directors received no emoluments during the year (2011 £Nil)

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	<u>2012</u> £	<u>2011</u> £
(6) TAXATION		
Current tax charge		
UK Corporation tax credit on losses of the year	-	-
Adjustment in respect of previous year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the small companies rate of corporation tax in the UK		
The differences are stated below		
Loss on ordinary activities before taxation	(154,060)	(53,394)
	<u>-</u>	<u>-</u>
Loss on ordinary activities multiplied by the small companies rate of corporation tax 20% (2010 21%)	(30,812)	(10,679)
Depreciation	2,395	2,395
Disallowable expenditure	59,204	
Adjustment for tax losses carried forward	(30,787)	(57,971)
Current tax credit	£ <u>-</u>	£ <u>-</u>

The company has estimated losses of £ 5,000,000 (2011: £4,900,000) available for carry forward against future trading profits

No provision has been made in respect of the deferred tax asset arising on the tax losses carried forward due to the uncertainty of their recoverability.

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(7) TANGIBLE FIXED ASSETS

	<i>Total</i>	<i>Freehold Land</i>	<i>Mine & Survey Equipment</i>
Cost			
At 1 11 11	825,325	705,566	119,759
Disposals (see note 17)	(69,690)	(69,690)	-
At 31.10.12	<u>755,635</u>	<u>635,876</u>	<u>119,759</u>
Accumulated Depreciation			
At 1 11 11	50,897	-	50,897
Provision for the year	11,976	-	11,976
At 31.10.12	<u>62,873</u>	<u>-</u>	<u>62,873</u>
Net Book Values			
at 31.10.12	<u>£ 692,762</u>	<u>635,876</u>	<u>56,886</u>
at 31 10 11	<u>£ 774,428</u>	<u>705,566</u>	<u>68,862</u>

(8) INVESTMENTS

£

At 1 November 2011	5,550,981
Additions	-
At 31 October 2012	<u>£ 5,550,981</u>

The company holds a 100% interest in the ordinary share capital of NCK Mines Limited, a company incorporated in, and that has its place of business in England. This company did not trade during the year.

The company owns 30.5% of the issued ordinary shares of Cornish Minerals Limited (CML), a company incorporated in and that has a place of business in England. CML's wholly owned subsidiary, Western United Mines Limited, continues to be the owner and operator of South Crofty Mine.

No consolidated accounts have been prepared on the basis that the group headed by the company is a small group.

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(8) **INVESTMENTS (Continued)**

Company	Capital and reserves 2012 £	Profit/(loss) for the year 2012 £
NCK Mines Limited	1,000	-
Cornish Minerals Limited (consolidated)	18,018,673	(976,420)

(9) DEBTORS	<u>2012</u> £	<u>2011</u> £
Amount owed by group undertaking	-	-
Other debtors	334,953	288,769
Prepayments and accrued income	-	-
	<u>£ 334,953</u>	<u>£ 288,769</u>

(10) CREDITORS:	<u>2012</u> £	<u>2011</u> £
Amounts falling due within one year		
Bank Loan	1,600,000	1,600,000
Unsecured loans	9,778	30,427
Subsidiary company	1,000	1,000
Accruals and deferred income	16,903	378,438
	<u>£ 1,627,681</u>	<u>£ 2,009,865</u>

The bank loan is secured on the company's freehold land and ranks before other secured and unsecured loans

(11) CREDITORS:	<u>2012</u> £	<u>2011</u> £
Amounts falling due after more than one year		
Secured loans	5,461,815	5,289,952
Unsecured loans	4,734,319	4,406,859
	<u>£ 10,196,134</u>	<u>£ 9,696,811</u>

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(11) **CREDITORS:**

Amounts falling due after more than one year (Continued)

The secured loans are secured specifically on freehold land and by a Debenture over the Company's property and assets. Of the unsecured loans, £152,713 (2011 £147,652) is due for repayment in more than 5 years

(12) SHARE CAPITAL	<u>2012</u>	<u>2011</u>
	£	£
Issued and fully paid:		
5,000 Ordinary Shares of £1 each	£ 5,000	£ 5,000
	<u> </u>	<u> </u>

(13) SHARE PREMIUM	£
At 1 November 2011 and at 31 October 2012	£ 606,000
	<u> </u>

(14) RESERVES	Profit and loss account
	£
1 November 2011	(5,677,141)
Loss for the year	(154,060)
31 October 2012	£ <u>(5,831,201)</u>

(15) **RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	<u>2012</u>	<u>2011</u>
	£	£
Loss for the financial year	(154,060)	(53,394)
Opening shareholders' deficit	(5,066,141)	(5,012,747)
Closing shareholders' deficit	£ <u>(5,220,201)</u>	£ <u>(5,066,141)</u>

(16) **CONTROL**

The company's immediate and ultimate parent company is Stone Cladding Consultants Limited, a company incorporated in Bermuda

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(17) RELATED PARTY TRANSACTIONS

During the year the company maintained a working capital loan from Stone Cladding Consultants Limited, the controlling party. The balance at the year end was £5,461,815 (2011 £5,289,952). Interest of £171,862 (2011 £171,862) was charged during the year.

During the year the company maintained working capital loans from Nostea Limited and Cladding Consultants Limited, companies which are under the control of G Smith Esq, a director of the controlling party Stone Cladding Consultants Ltd. The respective balances at the year end were £152,713 (2011 £147,652) and £113,000 (2011 £113,000). Interest charged during the year was £5,061 (2011 £5,061) and £Nil (2011 £Nil).

During the year the company maintained a working capital loan from D Stone Esq, a director. The balance at the year end was £78,276 (2011 £75,126). Interest of £3,150 (2011 £2,676) was charged during the year.

During the year the company maintained a working capital loan from K P Williams, a director. The balance at the year end was £1,062 (2011 £21,711).

During the year the company maintained a working capital loan from G Smith Esq, a director of the controlling party Stone Cladding Consultants Ltd. The balance at the year end was £4,030,203 (2011 £3,790,117). Interest of £150,194 (2011 £150,118) was charged during the year.

During the year the company received a working capital loan from Finrealm Associates, a party related through interest of a director. The balance at the year end was £74,166 (2011 £23,034). Interest of £3,128 (2011 £134) was accrued on this balance in respect of the current year.

During the year, the company maintained a loan advance for fees relating to proposed surface development of South Crofty site to Crofty Developments Limited, a company with certain directors and shareholders in common. At the year end Crofty Developments Limited owed £242,050 (2011 £195,867).

The company is owed £21,916 (2011 £21,916) by Crofty Heritage Limited and £1,531 (2011 £1,531) by Tincroft Mining Services Limited in respect of expenses incurred on their behalf. The company owes £1,863 (2011 £1,863) to Cornish Minerals Limited in respect of a working capital loan. The companies have certain directors and shareholders in common.

BASERESULT HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(17) RELATED PARTY TRANSACTIONS (Continued)

In May 2012, following on from the transfer of a portion of land to Western United Mines Limited in December 2010, the company completed a further land transfer. Both transfers were to Cornwall Council in order to facilitate the development of the Mine. The agreed fee for the second transfer was £357,000 which resulted in a profit of £287,310.

The company has taken advantage of the exemptions provided by financial Reporting Standard Number 8 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.