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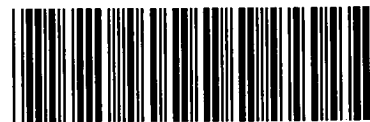
# **Leed Resources PLC**

## **Annual report and accounts**

**For the year ended 30 June 2014**

Registered number: 06034226

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# Leed Resources PLC

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# **Leed Resources PLC**

## **Company information**

### **Directors**

**Jinesh Patel (Chairman)**  
**Ian Shaun Gibbs**  
**Charles Zorab**

### **Secretary**

**R C Porter**

### **Registered number**

**06034226**

### **Registered office**

**55 Gower Street**  
**London**  
**WC1E 6HQ**

### **Bankers**

**Metro Bank plc**  
**One Southampton Row**  
**London**  
**WC1B 5HA**

### **Solicitors to the Company**

**Ronaldsons LLP**  
**55 Gower Street**  
**London**  
**WC1E 6HQ**

### **Registrar**

#### **Neville Registrars**

**Neville House**  
**18 Laurel Lane**  
**Halesowen**  
**B63 3DA**

### **Nominated advisers**

#### **Caim Financial Advisers LLP**

**61 Cheapside**  
**London**  
**EC2V 6AX**

### **Broker**

#### **Whitman Howard Limited**

**Marble Arch Tower**  
**55 Bryanston Street**  
**London**  
**W1H 7AA**

### **Auditor**

#### **Welbeck Associates**

**Chartered Accountants**  
**30 Percy Street**  
**London**  
**W1T 2DB**

# **Leed Resources PLC**

## **Chairman's report**

**for the year ended 30 June 2014**

The Directors undertook a comprehensive review of the business earlier in the fiscal year. The objective was to address three core issues: revisit the operating budget in detail; define a process to screen and execute on potential transactions; and evaluate whether the composition of the Directors was best suited to take the company forward.

With regards to cost control, the final results show a 35% reduction in G&A expenses, year on year. Continuing changes throughout the year, and subsequently, will ensure this trend will continue into 2015. All other things being equal, the Directors target to reduce the annualized spend by 20% compared to that incurred in 2014. In addition to the significant cost reduction exercise, it is worth restating that the Directors chose to cancel all existing options to better align all stakeholder interests.

On the topic of progressing an investment/transaction, the Directors retained the services of PGMM to both expand the number of opportunities the Board could review and more importantly help conduct due diligence on them to the point of execution. Whilst numerous opportunities have been reviewed, none have as yet materialised, primarily because one or more of the parameters of size, commodity, location or nearness to cash flow was deficient. However, the Board is currently at an advanced stage of discussions on a particular transaction relating to a minerals operation in Australia and hopes to provide shareholders with an update shortly.

The Company also remains focused on crystallizing any value from the investment in Manas Coal LLC. Despite limited optimism at the interim stage, no progress on the project has been made by shareholders of Manas Coal LLC. Compounding the issue of licence dispute, the removal of a local director/shareholder has been the subject of attempts by the director to block any progress. Shareholders have, however, got more financial information and this is a necessary precursor to attracting other prospective investors into what remains a large (120 million tonnes) coking coal deposit with a nearby railhead able to serve the Chinese market. As already stated, the Company will not be making further investments into Manas LLC, it remains written down to zero but we remain cautiously optimistic that a settlement between shareholders can be reached and some value extracted from it.

On behalf of the Board, I take this opportunity to thank shareholders for their patience, understanding and commitment to the Company. I envisage a positive outlook for Leed Resources PLC in 2015.

**Jinesh Patel**  
**Chairman**

13 November 2014

# Leed Resources PLC

## Strategic report

for the year ended 30 June 2014

The Directors present their Strategic Report on the Company for the year ended 30 June 2014.

### Investing policy

The Company is an investing company quoted on AIM, focused on opportunities in the natural resources sector, with an emphasis mainly but not exclusively on the mining sector. In line with this policy, the proposed investments to be made by the Company may be either quoted or unquoted; made by direct acquisition or through farm-ins; may be in companies, partnerships, joint ventures; or direct interests in natural resource projects. Target investments will generally be involved in projects in the exploration and/or development stage. The Company's equity interest in a proposed investment may range from a minority position to 100 per cent ownership. The Directors will initially focus on projects located in Asia but will also consider investments in other geographical regions. It is possible that the Company's financial resources will be invested in a small number of projects or potentially in just one investment which may be deemed to be a reverse takeover under the AIM Rules. The Directors have not, however, excluded the possibility of building a broader portfolio of investment assets. The Company intends to deliver shareholder returns principally through capital growth rather than capital distribution via dividends.

### Business and operational review

During the year the Board carried out a comprehensive review of the business, addressing three core issues:

- The operating budget
- The screening and execution of potential transactions
- The composition of the Board

Following the review cost savings have resulted in a 35% reduction in administrative expenses for the year compared to 2013, and it is expected that there will be a further 20% reduction in 2015. Outside consultants have been retained to assist in the review and execution of potential transactions and since the year end discussions regarding a particular transaction have reached an advanced stage. With respect to the composition of the Board it was considered that the changes made following the 2014 AGM better position the Company to progress.

### Financial review

The Company recorded a loss after taxation of £236,000 for the period ended 30 June 2014, as compared to the loss of £1,339,000 for the prior year.

As at 30 June 2014 the Company held approximately £1,545,000 in cash and £nil in quoted investments.

### Post year end events

There have been no material events since the year end.

### Key performance indicators

The Company's chief measurements of performance are the net asset value per share, share price and market capitalisation.

	2014	2013
Net asset value – fully diluted per share	0.054p	0.13p
Closing share price	0.06p	0.15p
Market capitalisation	£1,863,000	£4,658,000
Net Asset Value	£1,524,000	£1,760,000

# **Leed Resources PLC**

## **Strategic report**

for the year ended 30 June 2014

### **Principal risks and uncertainties**

The principal risk of the Company is not being able to secure a suitable investment that meets the Company's investment criteria in the natural resources sector and therefore may not be in a position to maintain its AIM listing.

Other financial risks are set out in note 4.

### **Going Concern**

As explained in Note 2.1, day to day working capital requirements and investment objectives are met by existing cash resources and the issue of equity if required. At 30 June 2014 the Company had cash balances of £1,545,000. The Company's forecasts and projections, taking into account possible changes in the level of overhead costs, show that the Company should be able to operate within its available cash resources.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

A handwritten signature in black ink, appearing to read 'R. Porter', with a long horizontal stroke extending to the right.

**Robert Porter**  
**Company Secretary**

13 November 2014

# Leed Resources PLC

## Report of the directors

for the year ended 30 June 2014

The Directors of Leed Resources PLC ("Leed", "the Company") present to shareholders this report and the audited financial statements for the year ended 30 June 2014. The year ended 30 June 2013 is also presented for comparative purposes. The Company is quoted on the AIM market of the London Stock Exchange ("AIM") and trades under the symbol LDP.

### Principal activity

The principal activity of the Company is investment focused on the natural resources sector.

### Substantial interests

The Company has been informed of the following shareholdings that represent 3% or more of the issued Ordinary Shares of 0.1 pence each of the Company as at 21 October 2014:

Shareholder	Number of ordinary shares	Percentage of ordinary share capital
Lynchwood Nominees Limited	727,202,282	23.33%
Barclayshare Nominees Limited	408,299,583	13.15%
TD Direct Investing Nominees (Europe) Limited	383,917,424	12.36%
HSDL Nominees Limited	352,080,551	11.34%
Investor Nominees Limited	168,722,179	5.43%
HSBC Client Holdings Nominee (UK) Limited	141,228,288	4.55%

The Company has also been informed that Uhuru Investments Limited has a beneficial interest in 481,000,000 shares (15.49%) and that Casop Holdings has a beneficial interest in 243,089,694 shares (7.83%). These beneficial interests are included in the above shareholdings.

### Other matters

#### Financial instruments

The Company's financial instruments at 30 June 2014 include cash balances, trade receivables and payables. Financial risk management is more fully discussed in Note 4 "*Financial risk management*" of the financial statements.

#### Management

The company currently has no employees however the Directors' performance is aligned to Company goals through an annual performance review process that is administered by the Board and that is tied in part to the Company's performance. No performance bonuses were paid to management during the financial year ended 30 June 2014.

#### Dividends

The Company does not have plans to pay dividends at this time.

#### Donations

The Company made £ nil charitable contributions in the year ended 30 June 2014 and £nil in the year ended 30 June 2013.

#### Supplier payment policy

It is the Company's payment policy to pay its suppliers in conformance with industry norms. Trade payables are paid in a timely manner within contractual terms, which is generally 30 to 45 days from the date an invoice is received.

# Leed Resources PLC

## Report of the directors

for the year ended 30 June 2014

### Directors

The Directors of the Company during the year are set out below:

#### Director

Ian Shaun Gibbs	
Peter Redmond	( resigned 6 February 2014 )
Jinesh Patel	
Charles Zorab	(appointed 6 February 2014)

At 30 June 2014 the interest of the Directors in Company shares was:

Director holdings	Ordinary Shares of 0.1 pence	Share options #	Stock Appreciation# Rights ("SARs") vested and unvested
Ian Gibbs*	20,070,638	—	—
Jinesh Patel	—	—	—
Charles Zorab	—	—	—

\*The shares attributed to Ian Gibbs are owned by Bromius Capital Limited, a company in which he has an interest as a director and shareholder.

# All outstanding options and SARs held by the Directors were cancelled on 3 March 2014.

Additional information regarding director compensation is contained in Note 17 "*Employees, directors and auditor remuneration*" of the financial statements within this report.

### Directors Indemnities

The Company has qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

### Statement of Directors' responsibilities for the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws 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 International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements are required by law to 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS as adopted by the European Union; and
- 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 which 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on Leed's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.



## **Leed Resources PLC**

### **Report of the directors**

for the year ended 30 June 2014

#### **Disclosure of information to auditor**

At the date of making this report each of the Company's Directors, who are identified above in this report, confirm the following:

- so far as each Director is aware, there is no relevant information needed by the Company's auditor in connection with preparing their report of which the Company's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

#### **Auditor**

Welbeck Associates has expressed a willingness to continue in office as auditor of the Company. In accordance with section 489(4) of the Companies Act 2006, a resolution to reappoint Welbeck Associates as auditor of the Company will be proposed at the next Annual General Meeting of the Company.

A handwritten signature in black ink, appearing to read 'R. Porter', with a long horizontal stroke extending to the right.

**Robert Porter**  
**Company Secretary**

13 November 2014

## **Report of the independent auditor**

to the members of Leed Resources PLC

Registered number 06034226

### **Independent auditors' report to the members of Leed Resources plc**

We have audited the financial statements of Leed Resources Plc for the year ended 30 June 2014 which comprise the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flows, and the related notes. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of Directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement, Strategic Report and Report of the Directors to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by The Companies Act 2006**

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Report of the independent auditor**

to the members of Leed Resources PLC

Registered number 06034226

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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; 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.



Jonathan Bradley Hoare  
Senior Statutory Auditor  
for and on behalf of Welbeck Associates  
Statutory Auditor, Chartered Accountants

30 Percy Street  
London  
W1T 2DB

13 November 2014

# Leed Resources PLC

## Statement of comprehensive income for the year ended 30 June 2014

		2014	2013
	Note	£000	£000
<b>Continuing operations</b>			
Net gain on investments	6	4	4
Investment income	7	5	3
Total income		9	7
Administrative expenses	8	(245)	(378)
Share based payment expense		—	(11)
Impairment of investment		—	(957)
<b>Operating loss and loss before taxation</b>		<b>(236)</b>	<b>(1,339)</b>
Taxation	9	—	—
<b>Loss for the year and total comprehensive income</b>		<b>(236)</b>	<b>(1,339)</b>
<b>Loss per share (pence)</b>	10		
<b>From continuing and total operations:</b>			
Basic and fully diluted		(0.01)	(0.05)

## Leed Resources PLC

### Statement of changes in equity for the year ended 30 June 2014

	Share capital £000	Share premium £000	Option & warrant reserve £000	Retained earnings £000	Total £000
<b>Total owners' equity at 30 June 2012</b>	<b>36,402</b>	<b>76,633</b>	<b>3,745</b>	<b>(114,596)</b>	<b>2,184</b>
Transactions with owners:					
- Share capital issued	436	523	—	—	959
- Share issue costs	—	(55)	—	—	(55)
- Share-based payments	—	—	11	—	11
<b>Total transactions with owners</b>	<b>436</b>	<b>468</b>	<b>11</b>	<b>—</b>	<b>915</b>
Comprehensive loss for the year:	—	—	—	(1,339)	(1,339)
<b>Total comprehensive loss for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,339)</b>	<b>(1,339)</b>
<b>Total owners' equity at 30 June 2013</b>	<b>36,838</b>	<b>77,101</b>	<b>3,756</b>	<b>(115,935)</b>	<b>1,760</b>
Transactions with owners:					
- Transfer of share option reserve	—	—	(3,756)	3,756	—
<b>Total transactions with owners</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Comprehensive loss for the year:	—	—	—	(236)	(236)
<b>Total comprehensive loss for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(236)</b>	<b>(236)</b>
<b>Total owners' equity at 30 June 2014</b>	<b>36,838</b>	<b>77,101</b>	<b>—</b>	<b>(112,415)</b>	<b>1,524</b>

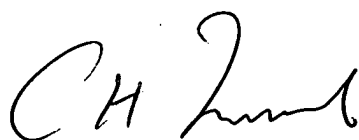
# Leed Resources PLC

## Statement of Financial Position

for the year ended 30 June 2014

		2014	2013
	Note	£000	£000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments held at fair value through profit or loss	11	—	32
		—	32
<b>Current assets</b>			
Trade and other receivables	12	14	21
Cash and cash equivalents	13	1,545	1,767
		1,559	1,788
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	35	60
		35	60
<b>Net current assets</b>		1,524	1,728
<b>Net assets</b>		1,524	1,760
<b>Owners' equity</b>			
Share Capital	16	36,838	36,838
Share premium	16	77,101	77,101
Other reserves		—	3,756
Retained earnings		(112,415)	(115,935)
<b>Total owners' equity</b>		1,524	1,760

The financial statements and related notes were authorised and approved by the Board of Directors and were signed on 13 November 2014 on its behalf by:



Charles Zorab, Director

Company number: 06034226

# Leed Resources PLC

## Statement of Cash Flows

for the year ended 30 June 2014

		2014	2013
	Note	£000	£000
<b>Loss before taxation</b>		<b>(236)</b>	<b>(1,339)</b>
Adjustments for:			
Net gain on investments		(4)	(4)
Impairment of investment		—	957
Investment income		(5)	(3)
Finance expense		—	—
Share-based payments		—	11
<b>Operating cash flows before movements in working capital</b>		<b>(245)</b>	<b>(378)</b>
<b>Changes in working capital</b>			
Decrease in trade and other receivables		6	47
(Decrease)/increase in payables		(25)	5
<b>Net cash flows from operating activities</b>		<b>(264)</b>	<b>(326)</b>
<b>Cash flows from investing activities</b>			
Purchase of investments		—	—
Disposal of investments		37	518
Interest received		5	3
<b>Net cash (used in)/cash from investing activities</b>		<b>42</b>	<b>521</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of Ordinary Shares		—	959
Share issue costs		—	(55)
Interest and other financing costs paid		—	—
<b>Net cash (used in)/from financing activities</b>		<b>—</b>	<b>(45)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(222)</b>	<b>1,099</b>
Exchange differences in cash and cash equivalents		—	—
Cash and cash equivalents at beginning of period		1,767	668
Cash and cash equivalents at end of period	13	1,545	1,767

# **Leed Resources PLC**

## **Notes to the financial statements**

for the year ended 30 June 2014

### **1. General information**

Leed Resources PLC is a publicly quoted company registered in the United Kingdom. The address of its registered office is 55 Gower Street, London WC1E 6HQ. Company is an investing company, mainly focused on opportunities in the natural resources sector. The Company's operations and its principal activities are set out in the Chairman's Statement and Directors' report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. There are no foreign operations.

### **2. Principal accounting policies**

The principal accounting policies adopted the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements.

#### **2.1 Basis of preparation**

The financial statements are prepared in accordance with applicable IFRS including standards and interpretations issued by the International Accounting Standards Board as adopted by the EU.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

#### **Going concern**

As at the financial year end the Company had net cash resources of £1,545,000. The Directors have prepared cash flow forecasts through to 31 December 2015 which assume that any investment activity is only undertaken when it can be financed from existing cash resources. The expenses of the Company's continuing operations relate entirely to maintaining its status as a quoted company listed on the AIM market and researching suitable investment opportunities and the cash flow forecasts demonstrate that the Company is able to meet these liabilities as they fall due. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.



## Leed Resources PLC

### Notes to the financial statements

for the year ended 30 June 2014

#### 2.2 Statement of compliance

The financial statements have been prepared and approved by the Directors in accordance with all relevant IFRSs as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee, endorsed by the European Union ("EU").

In the current year, the Company adopted the following standards and amendments:

##### **IFRS 13 "Fair value measurement"**

IFRS 13 establishes a single source of guidance under IFRS for fair value measurement and introduces new disclosures to help users better assess the valuation techniques and inputs used to measure fair value. The standard has been applied prospectively. Adoption of the standard has not had a significant impact on the financial statements.

##### **IFRS 7 (Amended) "Financial instruments: Disclosures – Offsetting financial assets and financial liabilities"**

The amendments to IFRS 7 require entities to disclose information to enable users of the financial statements to evaluate the effect or potential effect of netting arrangements on the statement of financial position. Adoption of the amendments has not had significant impact on the financial statements.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intend to adopt these standards, if applicable, when they become effective.

		Effective for accounting periods beginning on or after:
IFRS 10	Consolidated financial statements	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of interests in other entities	1 January 2014
IAS 27	Separate financial statements	1 January 2014
IAS 28	Investments in associates	1 January 2014
IAS 32	Presentation: Offsetting financial assets and financial liabilities	1 January 2014
IFRIC 21	Levies	1 January 2014
IFRS	Annual improvements 2010 to 2012 and 2011 to 2013	1 July 2014
IFRS 15	Revenue from contracts with customers	1 January 2017
IFRS 9	Financial instruments	1 January 2018

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the financial statements of the Company when the relevant Standards come into effect for future reporting periods.

#### 2.3 Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

##### **Current tax**

Tax currently payable is based on taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the statement of financial position date. Taxable profit differs from accounting profit either because items are taxable or deductible in periods different to those in which they are recognised in the accounts or because they are never taxable or deductible.

# **Leed Resources PLC**

## **Notes to the financial statements** for the year ended 30 June 2014

### ***Deferred tax***

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures and are only not recognised if the Company controls the reversal of the difference and it is not expected for the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited to equity in which case the related deferred tax is also charged or credited directly to equity.

### ***2.4 Foreign currencies***

Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the statement of financial position date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

In the Company financial statements, the net assets of the Company are translated into its presentation currency at the rate of exchange at the statement of financial position date. Income and expense items are translated at the date of the transaction. The resulting exchange differences are recognised in equity and included in translation reserve.

### ***2.5 Financial instruments***

The Company classifies its financial assets, or their component parts, on initial recognition into two categories: a financial asset at fair value through profit or loss, or loans and receivables. Financial liabilities are classified as either a financial liability at fair value through profit or loss, or as another financial liability. Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. The particular recognition and measurement methods adopted for trade and other receivables, bank and cash, trade and other payables, borrowings and derivatives are disclosed below:

## **Leed Resources PLC**

### **Notes to the financial statements**

for the year ended 30 June 2014

#### ***Investments held at fair value through profit or loss***

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

All investments are designated upon initial recognition as held at fair value through profit or loss. Fair value is defined as the price at which an orderly transaction would take place between market participants at the reporting date and is therefore an estimate and as such requires the use of judgement. Where possible fair value is based upon observable market prices, such as listed equity markets or reported merger and acquisition transactions. Alternative bases of valuation may include contracted proceeds or best estimate thereof, implied valuation from further investment and long-term cash flows discounted at a rate which is tested against market data. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the statement of comprehensive income as "Net gains on investments". Impairment losses recognised in the income statement for equity investments classified as available-for-sale are not subsequently reversed through the income statement.

The Company determines the fair value of its Investments based on the following hierarchy:

LEVEL 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an on-going basis.

LEVEL 2 – If there is no active market, fair value is established using valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable market data including recent arm's length market transactions, and comparisons to the current fair value of similar instruments; but where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used.

LEVEL 3 – Valuations in this level are those with inputs that are not based on observable market data.

#### ***Cash and cash equivalents***

Cash and cash equivalents include cash in hand and cash at bank; these financial instruments are classified with loans and receivables.

#### ***Trade and other receivables***

Trade and other receivables are measured initially at fair value and subsequently at amortised cost using the effective interest rate method. These financial instruments are categorised with loans and receivables. The receivables do not carry interest; the carrying value of the receivables, as presented, is reduced by appropriate allowances for estimated irrecoverable amounts. A provision for impairment of trade receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of these receivables. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted using the effective interest rate method. Impairment losses are recognised in profit and loss.

#### ***Trade and other payables***

Trade and other payables are measured initially at fair value and subsequently at amortised cost using the effective interest rate method. These financial instruments are categorised with other financial liabilities.

#### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recorded at the amount of proceeds received, net of direct issue costs.

## **Leed Resources PLC**

### **Notes to the financial statements**

for the year ended 30 June 2014

#### **2.6 Finance costs**

Borrowing and finance charges, including any premiums payable on settlement or redemption and direct issue costs, are generally recognised in profit and loss as incurred.

#### **2.7 Share-based payments**

All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to the retained earning reserve in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of Comprehensive Income.

### **3. Critical accounting judgements and key sources of estimation uncertainty**

There were no key assumptions concerning the future or key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

### **4. Financial risk management**

The Company's business activities expose it to a variety of potential financial risks that include price risk, liquidity risk and interest rate risk.

#### **4.1 Liquidity risk**

The Company's objective has been to maintain cash and cash equivalents to meet its liquidity requirements for a minimum of 30 days.

The Company finances its operations through its equity funds.

At 30 June 2014 the Company was not exposed to liquidity risk as substantially all its assets were in cash and cash equivalents.

#### **4.2 Interest rate risk**

At 30 June 2014 the Company was not exposed to interest rate risk as it had no borrowings.

#### **4.3 Capital maintenance**

The Board of Directors' policy with regards to capital maintenance includes an objective to maintain a strong capital base to sustain future development of the business, while maximising shareholder value. The Board of Directors directs and monitors the allocation of cash resources against investments to maximise the return on asset value within the Company. Periodically, the Board of Directors will consider raising additional equity when the Company has access to opportunities, which in the opinion of the Board of Directors will increase shareholder value if acted upon. The Board of Directors' also determines the timing and level of dividends to ordinary shareholders with the objective of maximising shareholder value.

## Leed Resources PLC

### Notes to the financial statements

for the year ended 30 June 2014

#### 4.4 Fair value estimation

The fair values of cash and cash equivalents, receivables and payables are assumed to approximate their book values.

#### 5. Segmental information

There is one continuing class of business, being the investment in the natural resources sector.

Given that there is only one continuing class of business, operating within the UK, no further segmental information has been provided.

#### 6. Net gain on investments

	2014 £000	2013 £000
Net realised losses on disposal of investments	(5)	(28)
Unrealised gains/losses on investments:		
Losses/(gains) at beginning of year	9	41
(Losses)/gains at end of year	—	(9)
Net gains/(losses) on investments	4	4

#### 7. Investment income

The Company's interest income on bank and other deposits during the years ended 30 June 2014 and 2013, respectively, were as follows:

	2014 £000	2013 £000
Interest income on bank and other deposits	5	3

#### 8. Loss for the period

Selected items comprising the loss for the years ended 30 June 2014 and 2013, respectively are as follows:

	2014 £000	2013 £000
Included in administrative expenses:		
Employee benefits expense (Note 17)	114	137
Professional fees and outside consultants	80	196
Insurance	6	6
	200	339

# Leed Resources PLC

## Notes to the financial statements

for the year ended 30 June 2014

### 9. Taxation

A summary of taxation charges, and components thereof, incurred during the years ended 30 June 2014 and 2013, respectively, are set out in the tables below:

	2014 £000	2013 £000
<b>Taxation for period</b>		
Current tax:		
Continuing operations	—	—
	—	—
<b>Taxation components</b>		
Loss on ordinary activities before tax		
– Continuing operations	(236)	(1,339)
<b>Tax effects</b>		
Loss on ordinary activities multiplied by rate of corporation tax of 20% (2013: 20%) in the UK	(47)	(268)
Expenses not deductible for tax purposes	3	9
Unutilised tax losses carried forward	44	259
<b>Total tax</b>	—	—

Estimated unrelieved tax losses of £3,373,000 (2013: £3,329,000) remain available to offset against future taxable profits. A potential deferred tax asset of £674,000 (2013: £666,000) has not been recognised in respect of the losses as recoverability is uncertain.

### 10. Loss per Ordinary Share

A recap of the loss per ordinary share and weighted average shares outstanding for the years ended 30 June 2014 and 2013, respectively, follows:

	2014 £000	2013 £000
<b>Loss</b>		
Loss attributable to Ordinary Shareholders from continuing operations	(236)	(1,339)
<b>Total loss attributable to Ordinary Shareholders</b>	<b>(236)</b>	<b>(1,339)</b>

#### Weighted average shares outstanding

Weighted average number of shares for the period	3,105,177,765	2,970,378,263
Effect of share options in issue	—	—
<b>Weighted average number of shares for the period for diluted loss per share</b>	<b>3,105,177,765</b>	<b>2,970,378,263</b>

	2014 pence	2013 £000
<b>Loss per share</b>		
–Basic and diluted (pence per share)	(0.01)	(0.05)

# Leed Resources PLC

## Notes to the financial statements for the year ended 30 June 2014

### 11. Investments

The Company operates as an investment company in the natural resources industry.

	2014 £000	2013 £000
<b>Investments at fair value brought forward</b>	<b>32</b>	<b>1,503</b>
Cost of share purchases	—	—
Proceeds of share disposals	(36)	(518)
Net gain/(loss) on disposal of shares	4	(28)
Unrealised gain/(loss) on investments	—	32
Impairment of investment	—	(957)
<b>Investments at fair value carried forward</b>	<b>—</b>	<b>32</b>
Categorised as:		
LEVEL 1	—	32
LEVEL 3	—	—
	—	32

LEVEL 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an on-going basis.

LEVEL 3 – Valuations in this level are those with inputs that are not based on observable market data.

### 12. Trade and other receivables

The Directors consider that the carrying amount of trade and other receivables approximates their fair value:

	2014 £000	2013 £000
Other receivables	6	6
Prepayments	8	15
	<b>14</b>	<b>21</b>

Other receivables represent the primary exposure to credit risk at the statement of financial position date. The amounts due in respect of these receivables have been received by the Company at the date of signing these accounts. At each statement of financial position date presented there were no material amounts that were provided for nor past due.

### 13. Cash and cash equivalents

The Directors consider that the carrying amount of cash and cash equivalents represents their fair value:

	2014 £000	2013 £000
Cash at banks	1,545	1,613
Amounts held in third party client accounts	—	154
	<b>1,545</b>	<b>1,767</b>

## Leed Resources PLC

### Notes to the financial statements for the year ended 30 June 2014

#### 14. Trade and other payables

The Directors consider that the carrying amount of trade and other payables approximates to their fair value and is generally payable within 30 to 45 days of the relevant period end:

	2014 £000	2013 £000
Trade payables	17	11
Accruals and deferred income	18	49
	35	60

#### 15. Financial instruments

A summary of financial assets and liabilities by IAS 39 category at 30 June 2014 and 2013, respectively, are as follows:

	2014 £000	2013 £000
<b>Financial instruments measured at fair value</b>		
Investments held at fair value through profit or loss	—	32
Loans and receivables:		
Trade and other receivables	6	6
Cash and cash equivalents	1,545	1,767
	1,551	1,805
<b>Financial liabilities at fair value</b>		
Other financial liabilities:		
Trade and other payables	17	11
	17	11

#### 16. Share capital

The share capital is as follows:

	Number of shares	Nominal value £000	Share premium £000
<b>Issued and fully paid</b>			
At 30 June 2013 and 30 June 2014			
Ordinary shares of 0.1 pence each	3,105,177,765	3,105	
Deferred shares of 49.9 pence each	67,602,008	33,733	
		36,838	77,101

The deferred shares have restricted rights such that they have no economic value.



# Leed Resources PLC

## Notes to the financial statements

for the year ended 30 June 2014

### 16. Share capital (continued)

#### Warrants

The warrants outstanding, which are exercisable at any time prior to 14 December 2014, are summarised as follows:

Warrants	Weighted average exercise price for the year ended 30 June 2014 pence	Number of shares to be issued in respect of exercise price for the year ended 30 June 2014	Weighted average exercise price for the year ended 30 June 2013 pence	Number of shares to be issued in respect of exercise price for the year ended 30 June 2013
Outstanding, beginning of period	0.15	166,666,667	0.15	166,666,667
Granted during the period	—	—	—	—
Outstanding, end of period	0.15	166,666,667	0.15	166,666,667
Exercisable, end of period	0.15	166,666,667	0.15	166,666,667

### 17. Employees, Directors and Auditor Remuneration

A summary of total employee and director costs follows:

	2014 £000	2013 £000
<b>Employee and Director costs</b>		
Salaries, fees and bonuses	113	123
Social security costs	1	3
	114	126
Share-based payments	—	11
	114	137

The average number of personnel was as follows:

Average number of personnel	2014	2013
Average number of Directors and employees	3	3

#### Key management (part of Employee and Director costs above)

The key management of the Company are the directors (in accordance with IAS 24 "Related Party Disclosures")

	2014 £000	2013 £000
<b>Key Management Costs</b>		
Salaries, fees and bonuses	113	123
Social security costs	1	3
	114	126
Share-based payments	—	11
	114	137

#### Companies Act and AIM disclosures (part of Employee and Directors cost)

Payments to Directors are recapped below:

	2014 £000	2013 £000
<b>Director costs</b>		
Salaries, fees and bonuses (including social security costs)	114	126
	114	126

# Leed Resources PLC

## Notes to the financial statements

for the year ended 30 June 2014

### 17. Employees, Directors and Auditor Remuneration (continued)

#### Total Compensation by Director during the year ended 30 June 2014

	Salaries and fees £000	Bonuses £000	2014 Total £000	2013 Total £000
Peter Redmond (resigned 6/02/2014)	50	—	50	60
Ian Shaun Gibbs <i>Non-Executive Director</i>	24	—	24	26
Jinesh Patel <i>Non-Executive Chairman</i>	25	—	25	5
Charles Zorab <i>Non-Executive Director</i> (appointed 6/02/2014)	14	—	14	—
Nicholas Lee ( <i>resigned</i> 18/01/2013)	—	—	—	32
Total compensation	113	—	113	123

The remuneration for Peter Redmond includes £30,000 fees paid to Catalyst Consultants Limited, a company of which he is a director and shareholder.

The fees in respect of Ian Gibbs were paid to Bromius Capital Limited, a company of which he is a director and shareholder.

The fees in respect of Charles Zorab were paid to Charles Zorab Associates, a partnership in which he is a partner.

### SARS

All outstanding SARS applicable to Directors were issued during 2007. A summary of SARS awards applicable to directors is set out below, with numbers of shares and exercise prices adjusted for the share reorganisation in June 2011:

	Weighted average exercise price for the year ended 30 June 2014 pence	Number of shares to be issued in respect of exercise price for the year ended 30 June 2014	Weighted average exercise price for the year ended 30 June 2013 pence	Number of shares to be issued in respect of exercise price for the year ended 30 June 2013
<b>SARs - Directors</b>				
Outstanding, beginning of period	470.00	62,755	470.00	62,755
Granted, forfeited, exercised, or expired during the period	(470.00)	(62,755)	—	—
Outstanding, end of period	—	—	470.00	62,755
Exercisable, end of period	—	—	470.00	62,755

The SARS referenced in the above table were issued on August 6, 2007 and contained vesting provisions of one-third per year and a ten year life. The SARS outstanding and exercisable at 30 June 2013 were all granted to Ian Shaun Gibbs. All outstanding SARS were waived by Mr Gibbs on 3 March 2014.

Note 19 "Share-based payments – Directors and employees" provides details of the incentive schemes; during the period, there were no sales of shares under the incentive schemes.

There were no other undertakings with the Directors.

# Leed Resources PLC

## Notes to the financial statements

for the year ended 30 June 2014

### 17. Employees, Directors and Auditor Remuneration (continued)

#### Auditor's remuneration

A summary of the remuneration paid to the Company's auditor follows:

	2014 £000	2013 £000
<b>Services by the Company's Auditor</b>		
Fees payable to the Company's auditor for the audit of the annual financial statements	10	12
Fees payable to the Company's auditor and its associates for other services:		
– Other services including taxation	1	2

### 18. Related party transactions

#### Identity of related parties

The Company has a continuing related party relationship with its Directors.

#### Other related party transactions

Key management and director compensation is disclosed in Note 17 "Employees, Directors and Auditor Remuneration".

### 19. Share-based payments - Directors and employees

The Company currently operates one approved option scheme. No share options were granted under the scheme during the year and all outstanding options, previously granted, were cancelled on 3 March 2014.

A summary of options outstanding during the period is as follows:

Share options	Weighted average exercise price for the year ended 30 June 2014 pence	Number of shares to be issued in respect of exercise price for the year ended 30 June 2014	Weighted average exercise price for the year ended 30 June 2013 pence	Number of shares to be issued in respect of exercise price for the year ended 30 June 2013
Outstanding, beginning of period	0.257p	345,019,752	0.400p	125,130,104
Granted during the period	—	—	0.175p	219,889,648
Cancelled during the period	0.257p	(345,019,752)	—	—
Outstanding, end of period	—	—	0.257p	345,019,752
Exercisable, end of period	—	—	0.400p	125,130,104

The total share-based payment expense recognised in the income statement for the year ended 30 June 2014 was £nil. The share based payment expense was £11,000 for the year ended 30 June 2013.

## Leed Resources PLC

### Notes to the financial statements

for the year ended 30 June 2014

#### 20. Capital management policies and procedures

The Board of Directors' capital management goals and objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by the effective management of the Company's assets.

The Board of Directors directs and monitors the allocation of cash resources against projects to maximise the return on asset value within the Company. Day to day working capital requirements and investment objectives are met by existing cash resources and the issue of equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may pay dividends to shareholders, return capital to shareholders, buy back shares, issue new shares or sell assets, all of which may be subject to approvals from the Company's shareholders.

Capital pertaining to the Company for the reporting periods under review is summarised as follows:

	30 June 2014	30 June 2013
Capital components	£000	£000
Total owners' equity	1,524	1,760
Cash and cash equivalents	(1,545)	(1,767)
	(21)	(7)

#### 21. Contingent Liabilities

There were no material commitments or contingent liabilities as at 30 June 2014 (2013: nil).

#### 22. Post year end events

There have been no material events since the year end.