

Company Registration No. 08050701 (England and Wales)

British Fluorspar Limited
Annual Report And Financial Statements
For The Year Ended 31 December 2015



BRITISH FLUORSPAR LIMITED

COMPANY INFORMATION

Directors	Mr L Di Donato Mr M Lavanga Mr P J Robinson
Company number	08050701
Registered office	Cavendish Mill Stoney Middleton Hope Valley Derbyshire S32 4TH
Auditors	Marco Micci Viale Armando Diaz, 15 21052 - Busto Arsizio (VA) Italy

BRITISH FLUORSPAR LIMITED

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BRITISH FLUORSPAR LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report for the year ended 31 December 2015.

Fair review of the business

During 2015 the company commenced a deep and strong restructuring of the business to meet the challenges of acute over supply leading to reduced demand and reduction in worldwide market prices (30 to 35%).

The aim of the restructuring programme which will continue during 2016 is to reduce production to about 50% of historical output and to reduce or defer cost and capital expenditure. This in turn will reduce the cost per tonne of contained mineral in the mined ore supply.

Development and performance

The underground development of Milldam Mine will continue to access higher grade better structured mineral veins. No 4 Tailings Dam will be closed and progressively restored due to the expiry of the consent to operate the facility. Plant will be constructed within the Mill to process the wet tailings waste to produce a fill/restoration sand.

On behalf of the board



MICHAEL LAVANGA - DIRECTOR

23/12/16

BRITISH FLUORSPAR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

Principal activities

The principal activity of the company is mining and processing vein minerals for the production and supply of the following industrial minerals and base metals products: Acid Grade Fluorspar, Barytes (drill mud/off white filler grades) and lead concentrates. Also washed construction aggregates.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr L Di Donato
Mr M Lavanga
Mr P J Robinson

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditors, Marco Micci, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



MICHAEL LAVANGA - DIRECTOR

23/12/16

BRITISH FLUORSPAR LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the annual 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 these financial statements, the directors are required to:

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

BRITISH FLUORSPAR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRITISH FLUORSPAR LIMITED

We have audited the financial statements of British Fluorspar Limited for the year ended 31 December 2015 set out on pages 6 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

BRITISH FLUORSPAR LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF BRITISH FLUORSPAR LIMITED

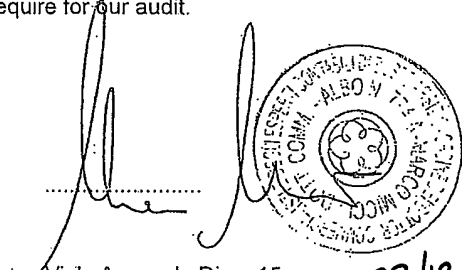
Matters on which we are required to report by exception

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, 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.

Marco Micci (Senior Statutory Auditor)

Chartered Accountants
Statutory Auditor


Viale Armando Diaz, 15
21052 - Busto Arsizio (VA)
Italy

23/12/16

BRITISH FLUORSPAR LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Turnover	3	7,113,216	10,093,288
Cost of sales		(6,183,359)	(9,244,521)
Gross profit		929,857	848,767
Administrative expenses		(1,412,191)	(1,423,577)
Other operating income		52,072	45,043
Exceptional items	4	-	1,557,178
Operating (loss)/profit	5	(430,262)	1,027,411
Interest receivable and similar income	8	-	168
Interest payable and similar charges	9	(249,107)	(220,233)
(Loss)/profit before taxation		(679,369)	807,346
Taxation	10	-	-
(Loss)/profit for the financial year		(679,369)	807,346

The profit and loss account has been prepared on the basis that all operations are continuing operations.

BRITISH FLUORSPAR LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015


	2015 £	2014 £
(Loss)/profit for the year	(679,369)	807,346
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(679,369)</u>	<u>807,346</u>

BRITISH FLUORSPAR LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2015

	Notes	2015 £	2014 £
Fixed assets			
Intangible assets	11	1,635,835	1,870,158
Tangible assets	12	7,261,400	7,056,034
		<u>8,897,235</u>	<u>8,926,192</u>
Current assets			
Stocks	14	707,399	682,524
Debtors	15	234,194	381,181
Cash at bank and in hand		193,995	267,484
		<u>1,135,588</u>	<u>1,331,189</u>
Creditors: amounts falling due within one year	16	<u>(6,722,875)</u>	<u>(6,181,681)</u>
Net current liabilities		<u>(5,587,287)</u>	<u>(4,850,492)</u>
Total assets less current liabilities		<u>3,309,948</u>	<u>4,075,700</u>
Creditors: amounts falling due after more than one year	17	(5,000,000)	(5,000,000)
Provisions for liabilities	19	(913,617)	(1,000,000)
Net liabilities		<u>(2,603,669)</u>	<u>(1,924,300)</u>
Capital and reserves			
Called up share capital	21	100,000	100,000
Profit and loss reserves		<u>(2,703,669)</u>	<u>(2,024,300)</u>
Total equity		<u>(2,603,669)</u>	<u>(1,924,300)</u>

The financial statements were approved by the board of directors and authorised for issue on 23/12/16 and are signed on its behalf by:


NICHOLAS LAVANGA
Director

Company Registration No. 08050701

BRITISH FLUORSPAR LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2014	100,000	(2,831,646)	(2,731,646)
Year ended 31 December 2014:			
Profit and total comprehensive income for the year	-	807,346	807,346
Balance at 31 December 2014	100,000	(2,024,300)	(1,924,300)
Year ended 31 December 2015:			
Loss and total comprehensive income for the year	-	(679,369)	(679,369)
Balance at 31 December 2015	100,000	(2,703,669)	(2,603,669)

BRITISH FLUORSPAR LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	£	2014 £	£
Cash flows from operating activities					
Cash generated from operations	26	935,144		1,114,399	
Interest paid		(249,107)		(220,233)	
Net cash inflow from operating activities		686,037		894,166	
Investing activities					
Purchase of tangible fixed assets		(1,201,336)		(2,014,472)	
Proceeds on disposal of tangible fixed assets		90,000		-	
Interest received		-		168	
Net cash used in investing activities		(1,111,336)		(2,014,304)	
Financing activities					
Repayment of borrowings		-		(1,000,000)	
Net cash used in financing activities		-		(1,000,000)	
Net decrease in cash and cash equivalents		(425,299)		(2,120,138)	
Cash and cash equivalents at beginning of year		(3,310,541)		(1,190,403)	
Cash and cash equivalents at end of year		(3,735,840)		(3,310,541)	
Relating to:					
Cash at bank and in hand		193,995		267,484	
Bank overdrafts included in creditors payable within one year		(3,929,835)		(3,578,025)	

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

British Fluorspar Limited is a company limited by shares incorporated in England and Wales. The registered office is Cavendish Mill, Stoney Middleton, Hope Valley, Derbyshire, S32 4TH.

1.1 Accounting convention

These financial statements have been prepared in accordance with "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2015 are the first financial statements of British Fluorspar Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

Historically the company has had operating losses, negative cash flows from operations, and working capital deficiencies. Whether, and when, the company can attain profitability and positive cash flows from operations is uncertain even if the budget and the forecast for the next 12 months shows positive EBITDA. These uncertainties cast some doubt upon the company's ability to continue as a going concern.

The company will need financial support from the controlling company or from other companies of Fluorsid Group in order to fund its operations. To address its financing requirements, the company will seek financing through not strategic asset sales. The outcome of these matters cannot be predicted at this time.

The directors will continue to adopt the going concern basis of accounting in preparing the financial statements but, considering the above stated considerations there will be an audited check of the accounts every 3 months in order to be able to change the approach as soon as the financial situation will drive the company on a not going concern basis.

The directors have prepared projections which indicate that operationally the company can perform profitably from its future trading, however, given the level of existing debts there is the need for an injection of working capital into the business.

The company operates two annual rolling credit facilities and one longer term facility. The directors believe that these facilities will be renewed as and when the current facilities expire. This will allow the company to continue trading at current levels.

The directors are of the opinion that with the bank funding and projections of future profitable trading the company can continue to operate for a period of at least twelve months from the date of approval of these accounts. Accordingly these accounts have been prepared on a going concern basis. The accounts do not reflect any adjustments that may be required should the going concern basis of preparation be inappropriate.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.3 Turnover

Turnover represents amounts receivable for goods net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Mineral extraction rights	See 1.18
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1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Plant and machinery	10-20% straight line
Fixtures, fittings and equipment	10% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Included within freehold land and buildings are mines and quarries that are to be depreciated over the length of the planning consents.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Stocks

The Crude Ore stock value is calculated on the monthly extraction cost of the ore extracted from Milldam Mine, Tearsall, Longstone Edge (i.e. departmental wages and salaries, depreciation, maintenance, etc.), and at the cost of purchase for the tributors.

Reagents are evaluated at cost.

Caf2 filtercake is evaluated at the industrial cost of production which includes:

- cost of raw materials (crude ore, reagents)
- direct and indirect costs of production referring to the Mill (utilities, maintenance, wages and salaries, depreciation, laboratory, etc.).

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

(Continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.17 Restoration costs

Provisions for restoration costs are made to reflect the costs of remedial work, relating to the closure of the various mining sites. The amount provided represents the expected costs of restoring sites to their natural state based on survey measures carried out at the balance sheet date. The charge to the profit and loss account represents the movement on the restoration costs provision during the year. The provisions are calculated by the company's technical services team who are considered best placed to estimate the restoration costs.

1.18 Mineral extraction rights

Mineral extraction rights comprise the price paid for the mining rights plus estimated obligations arising from mine restoration commitments at the date of acquiring the mines. Mineral extraction rights are amortised on a straight line basis over the period of the planning consents granted for mineral extraction or, if lower, the estimated period of extraction, based on the estimated reserves and rate of extraction.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Restoration costs

Restoration costs are valued by local experts based on a number of factors which can not be easily determined. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, competitive and economic environment and inventory loss trends as well as cost of equivalent raw materials.

Depreciation

Depreciation on land and buildings includes depreciation on mines and quarries. The depreciation of such assets involves a degree of judgement as the depreciation is based on a number of factors of which not all are known. Calculation of these rates is primarily based on the quantity of crude ore in the ground to be mined/quarried. This level is consistently assessed and the depreciation rates altered accordingly depending on how much ore is extracted each year.

Amortisation

Amortisation of the mineral extraction rights involves a degree of judgement as the amortisation is based on a number of factors of which not all are known. Calculation of these rates is primarily based on the quantity of crude ore in the ground to be mined/quarried as well as the period over which the extraction rights have been granted. These levels are consistently assessed and the amortisation rates altered accordingly.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2015 £	2014 £
Turnover		
Products	7,113,216	10,093,288
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	-	168
	<u> </u>	<u> </u>

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2015 £	2014 £
United Kingdom	10,170	1,501,888
Rest of Europe	7,103,046	8,591,400
	<u>7,113,216</u>	<u>10,093,288</u>

4 Exceptional costs/(income)

	2015 £	2014 £
Restoration costs	-	(1,557,178)

5 Operating (loss)/profit

	2015 £	2014 £
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	1,823	25,850
Fees payable to the company's auditor for the audit of the company's financial statements	5,600	5,500
Depreciation of owned tangible fixed assets	869,775	703,033
Loss on disposal of tangible fixed assets	36,195	-
Amortisation of intangible assets	234,323	234,322
Cost of stocks recognised as an expense	1,822,683	2,949,695
Operating lease charges	236,635	120,594

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2015 Number	2014 Number
Directors	3	3
Administrative	7	7
Cost of sales	41	52
	<u>51</u>	<u>62</u>

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

6	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2015 £	2014 £
	Wages and salaries	1,107,098	1,376,305
	Social security costs	103,026	134,595
	Pension costs	6,883	12,748
		<u>1,217,007</u>	<u>1,523,648</u>
7	Directors' remuneration		
		2015 £	2014 £
	Remuneration for qualifying services	<u>60,000</u>	<u>60,000</u>
8	Interest receivable and similar income		
		2015 £	2014 £
	Interest income		
	Interest on bank deposits	<u>-</u>	<u>168</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	<u>-</u>	<u>168</u>
9	Interest payable and similar charges		
		2015 £	2014 £
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	54,156	17,912
	Other interest on financial liabilities	194,951	202,321
		<u>249,107</u>	<u>220,233</u>

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

10 Taxation

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2015 £	2014 £
(Loss)/profit before taxation	(679,369)	807,346
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2014: 21.00%)	(135,874)	169,543
Tax effect of expenses that are not deductible in determining taxable profit	-	3,372
Tax effect of utilisation of tax losses not previously recognised	-	(172,915)
Unutilised tax losses carried forward	135,874	-
Tax expense for the year	-	-

The company has estimated losses of £4,800,000 (2014 - £4,000,000) available for carry forward against future trading profits.

11 Intangible fixed assets

	Mineral extraction rights £
Cost	
At 1 January 2015 and 31 December 2015	2,338,627
Amortisation and impairment	
At 1 January 2015	468,469
Amortisation charged for the year	234,323
At 31 December 2015	702,792
Carrying amount	
At 31 December 2015	1,635,835
At 31 December 2014	1,870,158

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

12 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, Motor vehicles fittings and equipment		Total
	£	£	£	£	£
Cost					
At 1 January 2015	3,906,462	4,142,547	70,036	33,948	8,152,993
Additions	938,286	263,050	-	-	1,201,336
Disposals	-	(179,100)	-	-	(179,100)
At 31 December 2015	4,844,748	4,226,497	70,036	33,948	9,175,229
Depreciation and impairment					
At 1 January 2015	415,113	650,605	18,066	13,175	1,096,959
Depreciation charged in the year	424,826	428,800	9,359	6,790	869,775
Eliminated in respect of disposals	-	(52,905)	-	-	(52,905)
At 31 December 2015	839,939	1,026,500	27,425	19,965	1,913,829
Carrying amount					
At 31 December 2015	4,004,809	3,199,997	42,611	13,983	7,261,400
At 31 December 2014	3,491,349	3,491,942	51,970	20,773	7,056,034

13 Financial instruments

	2015 £	2014 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	384,995	383,361
Carrying amount of financial liabilities		
Measured at amortised cost	11,686,716	11,140,226

14 Stocks

	2015 £	2014 £
Raw materials and consumables	115,157	217,011
Finished goods and goods for resale	592,242	465,513
	707,399	682,524

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

15 Debtors

	2015 £	2014 £
Amounts falling due within one year:		
Trade debtors	153,358	80,877
Other debtors	47,623	264,103
Prepayments and accrued income	33,213	36,201
	<u>234,194</u>	<u>381,181</u>

16 Creditors: amounts falling due within one year

	Notes	2015 £	2014 £
Bank loans and overdrafts	18	3,929,835	3,578,025
Trade creditors		1,339,413	1,505,604
Other taxation and social security		36,159	41,455
Other creditors		1,073,989	839,173
Accruals and deferred income		343,479	217,424
		<u>6,722,875</u>	<u>6,181,681</u>

17 Creditors: amounts falling due after more than one year

	Notes	2015 £	2014 £
Other creditors	18	<u>5,000,000</u>	<u>5,000,000</u>

18 Loans and overdrafts

	2015 £	2014 £
Bank overdrafts	3,929,835	3,578,025
Other loans	5,000,000	5,000,000
	<u>8,929,835</u>	<u>8,578,025</u>
Payable within one year	3,929,835	3,578,025
Payable after one year	<u>5,000,000</u>	<u>5,000,000</u>

Bank overdrafts and other loans are secured against the assets of the company.

For the €2M-Unicredit and £2M-Intesa loans the interest rate is 2.5% and these are loans on renewal every year. For the £5M-Minmet loan the interest rate is 2.9% with maturity set for 2018 and the repayment is bullet at maturity.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

19 Provisions for liabilities

	2015 £	2014 £
Restoration provision	913,617	1,000,000
Movements on provisions:		
		£
At 1 January 2015		1,000,000
Utilisation of provision		(86,383)
At 31 December 2015		913,617

The restoration provision represents management's best estimate of the company's liability based on past experience and industry averages for similar restoration projects.

20 Retirement benefit schemes

	2015 £	2014 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	6,883	12,748

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end £nil (2014 -£nil) was included in creditors due within one year.

21 Share capital

	2015 £	2014 £
Ordinary share capital		
Issued and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000

22 Financial commitments, guarantees and contingent liabilities

At the year end the company had guaranteed bonds amounting to £500,000 to the Peak District National Park Authority in relation to restoration works on two of the company's sites. These bonds are secured against the company's freehold land and buildings.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

23 Operating lease commitments

Lessee

The operating leases represent leases of land, buildings and equipment from third parties. The leases are negotiated over terms of 3 - 20 years and rentals are fixed for 3 - 5 years as some leases have rent review clauses within the agreement.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £	2014 £
Within one year	32,500	80,000
Between two and five years	130,000	130,000
In over five years	162,500	195,000
	<u>325,000</u>	<u>405,000</u>

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2015 £	2014 £
Aggregate compensation	<u>60,000</u>	<u>60,000</u>

Transactions with related parties

During the year the company purchased services from Land Regeneration Management Limited, of which Mr P J Robinson is a director, amounting to £18,859 (2014 - £95,869). During the year £5,013 (2014 - £140,874) was paid and the remaining balance of £13,846 (2014 - £10,435) is included in trade creditors.

During the year the company was advanced £nil (2014 - £nil) on a loan provided by Minmet Financing Company SA, a company that has common directors. The loan bears interest at LIBOR plus 2.5% per annum and is due for repayment in 2018. Interest charged during the year amounted to £168,228 (2014 - £175,598). At the year end, the outstanding balance owed was £5m (2014 - £5m).

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2015

25 Controlling party

At the year end the ultimate parent company was Fluorsid Group s.r.l, incorporated in Italy. The ultimate controlling party is Tommaso Giuliani.

26 Cash generated from operations

	2015 £	2014 £
(Loss)/profit for the year after tax	(679,369)	807,346
Adjustments for:		
Finance costs	249,107	220,233
Investment income	-	(168)
Loss on disposal of tangible fixed assets	36,195	-
Amortisation and impairment of intangible assets	234,323	234,322
Depreciation and impairment of tangible fixed assets	869,775	703,033
(Decrease) in provisions	(86,383)	(1,568,496)
Movements in working capital:		
(Increase)/decrease in stocks	(24,875)	1,066,781
Decrease in debtors	146,987	234,226
Increase/(decrease) in creditors	189,384	(582,878)
Cash generated from operations	935,144	1,114,399