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Company Registration No. 08050701 (England and Wales)

British Fluorspar Limited

Annual Report And Financial Statements

For The Year Ended 31 December 2016

BRITISH FLUORSPAR LIMITED

COMPANY INFORMATION

Directors	Mr L Di Donato 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)

BRITISH FLUORSPAR LIMITED

CONTENTS

BRITISH FLUORSPAR LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

During 2016 the company continued the restructuring of the business in order to optimise production based upon the available ore supply from Tearsall Quarry and Milldam Mine which meets the requirements of key European customers. This remains about fifty percent of historical production.

The principal aim of restructuring the business is to optimise the mined ore supply and the related processing operation at Cavendish Mill. This will continue to optimize future capital expenditure,which in turn will reduce the cost per tonne of contained mineral in the mined ore supply.

Development and performance

The restructuring of the business should be completed during 2017 when the modernisation and development of the underground workings at Milldam Mine is scheduled for completion. Underground development will then continue to access sub-level 4 and the deeper levels of the mine. It will also follow the vein structure westwards initially on sub level 3 and subsequently to the western deeper levels.

Ongoing development of the eastern and deeper section of Milldam Mine will continue to access higher grade, better structured mineral veins.

Mineral Tailings from Cavendish Mill are now processed to produce a wet restoration/construction sand. Restoration of the closed Tailings Dam 4 is ongoing and will continue into 2017 and beyond. Progressive restoration of the old quarry workings at Longstone Edge with processed mineral tailings waste is pending planning approval from Peak District National Park Authority.

On behalf of the board

Mr P J Robinson
Director
19 December 2017

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

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 metal products: Acid Grade Fluorspar, Barytes (drill mud/off white filler grades) and lead concentrates, as well as 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	(Resigned 12 June 2017)
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.

Post reporting date events
On 8 December 2017 the company had a mechanical fire in the grinding mill. The processing equipment known as the ball mill started operating outside of normal working hours and without the water cooling system. This caused excessive heat and the ignition of surrounding rubber and grease. The fire has damaged the surrounding machinery, services and part of the mill structure and this will take a few months to repair. As such no production can take place until the machinery is repaired.

Insurance claims have been put in hand and the cost of refurbishment and any subsequent losses, following initial investigations by the insurers and third party loss adjusters, should be covered by the insurers.

The financial statements to the year end 31 December 2017 should not be materially affected by the fire, however the year to 31 December 2018 is likely to show a reduced turnover figure although profits shouldn't be affected following the insurance claim.

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

Mr P J Robinson
Director
19 December 2017

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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.

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 2016 set out on pages 6 to 23. 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 2016 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, based on the work undertaken in the course of our audit, 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, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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)

19/12/17

Chartered Accountants
Statutory Auditor

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

BRITISH FLUORSPAR LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	4,074,419	7,113,216
Cost of sales		(4,833,790)	(6,183,359)
Gross (loss)/profit		(759,371)	929,857
Administrative expenses		(1,212,835)	(1,412,191)
Other operating income		43,222	52,072
Operating loss	4	(1,928,984)	(430,262)
Interest payable and similar expenses	7	(213,442)	(249,107)
Loss before taxation		(2,142,426)	(679,369)
Taxation	8	-	-
Loss for the financial year		(2,142,426)	(679,369)

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

BRITISH FLUORSPAR LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Intangible assets	9		1,401,512		1,635,835
Tangible assets	10		6,175,799		7,261,400
			7,577,311		8,897,235
Current assets					
Stocks	12	418,490		707,399	
Debtors	13	1,941,205		234,194	
Cash at bank and in hand		14,939		193,995	
		2,374,634		1,135,588	
Creditors: amounts falling due within one year	14	(8,784,423)		(6,722,875)	
Net current liabilities			(6,409,789)		(5,587,287)
Total assets less current liabilities			1,167,522		3,309,948
Creditors: amounts falling due after more than one year	15		(5,000,000)		(5,000,000)
Provisions for liabilities	17		(913,617)		(913,617)
Net liabilities			(4,746,095)		(2,603,669)
Capital and reserves					
Called up share capital	19		100,000		100,000
Profit and loss reserves			(4,846,095)		(2,703,669)
Total equity			(4,746,095)		(2,603,669)

The financial statements were approved by the board of directors and authorised for issue on 19 December 2017 and are signed on its behalf by:

Mr P J Robinson
Director

Company Registration No. 08050701

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2015	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)
Year ended 31 December 2016:			
Loss and total comprehensive income for the year	-	(2,142,426)	(2,142,426)
Balance at 31 December 2016	100,000	(4,846,095)	(4,746,095)

BRITISH FLUORSPAR LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities					
Cash generated from operations	25		293,579		935,144
Interest paid			(213,442)		(249,107)
Net cash inflow from operating activities			80,137		686,037
Investing activities					
Purchase of tangible fixed assets		(556,616)		(1,201,336)	
Proceeds on disposal of tangible fixed assets		605,272		90,000	
Net cash generated from/(used in) investing activities			48,656		(1,111,336)
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			128,793		(425,299)
Cash and cash equivalents at beginning of year			(3,735,840)		(3,310,541)
Cash and cash equivalents at end of year			(3,607,047)		(3,735,840)
Relating to:					
Cash at bank and in hand			14,939		193,995
Bank overdrafts included in creditors payable within one year			(3,621,986)		(3,929,835)

1 Accounting policies

Company information
British Fluorspar Limited is a private 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.

1.2 Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

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 the Fluorsid Group in order to fund its operations. To address its financing requirements, the company will seek financing through non-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 should the financial situation deteriorate and indicate that the company is not a going concern.

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.

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

1 Accounting policies **(Continued)**

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 1.17

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.

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 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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
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 payments 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 though 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.

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 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 in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.12 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.

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

1.14 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.

1.15 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 Accounting policies **(Continued)**

1.16 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.

1.17 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.

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:

	2016	2015
	£	£
Turnover		
Products	4,074,419	7,113,216

Turnover analysed by geographical market

	2016	2015
	£	£
United Kingdom	-	10,170
Rest of Europe	4,074,419	7,103,046
	4,074,419	7,113,216

4 Operating loss

	2016	2015
Operating loss for the year is stated after charging/(crediting):	£	£
Exchange (gains)/losses	(41,021)	1,823
Fees payable to the company's auditor for the audit of the company's financial statements	5,500	5,600
Depreciation of owned tangible fixed assets	970,089	869,775
Loss on disposal of tangible fixed assets	66,856	36,195
Amortisation of intangible assets	234,323	234,323
Cost of stocks recognised as an expense	1,355,743	1,797,808
Operating lease charges	70,492	236,635

5 Employees

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

	2016	2015
	Number	Number
Directors	3	3
Administrative	3	7
Cost of sales	39	41
	45	51

5 Employees (Continued)

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	963,261	1,107,098
Social security costs	108,433	103,026
Pension costs	7,514	6,883
	1,079,208	1,217,007

6 Directors' remuneration

	2016	2015
	£	£
Remuneration for qualifying services	10,000	60,000

7 Interest payable and similar expenses

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	3,476	54,156
Other interest on financial liabilities	209,966	194,951
	213,442	249,107

8 Taxation

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

	2016	2015
	£	£
Loss before taxation	(2,142,426)	(679,369)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	(428,485)	(135,874)
Unutilised tax losses carried forward	428,485	135,874
Taxation charge for the year	-	-

The company has estimated losses of £6,700,000 (2015 - £4,800,000) available for carry forward against future trading profits.

9 Intangible fixed assets

	Mineral extraction rights
	£
Cost	
At 1 January 2016 and 31 December 2016	2,338,627
Amortisation and impairment	
At 1 January 2016	702,792
Amortisation charged for the year	234,323
At 31 December 2016	937,115
Carrying amount	
At 31 December 2016	1,401,512
At 31 December 2015	1,635,835

10 Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2016	4,844,748	4,226,497	70,036	33,948	9,175,229
Additions	554,182	2,434	-	-	556,616
Disposals	(730,539)	(21,675)	-	-	(752,214)
At 31 December 2016	4,668,391	4,207,256	70,036	33,948	8,979,631
Depreciation and impairment					
At 1 January 2016	839,939	1,026,500	27,425	19,965	1,913,829
Depreciation charged in the year	527,768	431,347	4,184	6,790	970,089
Eliminated in respect of disposals	(71,441)	(8,645)	-	-	(80,086)
At 31 December 2016	1,296,266	1,449,202	31,609	26,755	2,803,832
Carrying amount					
At 31 December 2016	3,372,125	2,758,054	38,427	7,193	6,175,799
At 31 December 2015	4,004,809	3,199,997	42,611	13,983	7,261,400

11 Financial instruments

	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,737,085	384,995

(Continued)

11 Financial instruments

Carrying amount of financial liabilities		
Measured at amortised cost	13,750,458	11,686,716

12 Stocks

	2016	2015
	£	£
Raw materials and consumables	230,723	115,157
Finished goods and goods for resale	187,767	592,242
	418,490	707,399

13 Debtors

	2016	2015
Amounts falling due within one year:	£	£
Trade debtors	1,687,146	153,358
Other debtors	192,507	47,623
Prepayments and accrued income	61,552	33,213
	1,941,205	234,194

14 Creditors: amounts falling due within one year

		2016	2015
	Notes	£	£
Bank loans and overdrafts	16	3,621,986	3,929,835
Trade creditors		1,272,503	1,339,413
Other taxation and social security		33,965	36,159
Other creditors		3,668,853	1,073,989
Accruals and deferred income		187,116	343,479
		8,784,423	6,722,875

15 Creditors: amounts falling due after more than one year

		2016	2015
	Notes	£	£
Other borrowings	16	5,000,000	5,000,000

16 Loans and overdrafts

	2016 £	2015 £
Bank overdrafts	3,621,986	3,929,835
Other loans	5,000,000	5,000,000
	8,621,986	8,929,835
Payable within one year	3,621,986	3,929,835
Payable after one year	5,000,000	5,000,000

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.

17 Provisions for liabilities

	2016 £	2015 £
Restoration provision	913,617	913,617

Movements on provisions:

	Restoration provision £
At 1 January 2016 and 31 December 2016	913,617

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

18 Retirement benefit schemes

Defined contribution schemes	2016 £	2015 £
Charge to profit or loss in respect of defined contribution schemes	7,514	6,883

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 (2015 - £nil) was included in creditors due within one year.

19 Share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000

20 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.

21 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:

	2016	2015
	£	£
Within one year	249,752	240,000
Between two and five years	765,485	1,015,237
	1,015,237	1,255,237

22 Events after the reporting date

On 8 December 2017 the company had a small mechanical fire in the grinding mill. The component known as the ball mill started operating outside of normal working hours and without the water cooling system. This caused excessive heat and the ignition of surrounding rubber and grease. Although the fire was relatively small and self contained it has damaged the surrounding machinery and this will take a few months to repair. As such no production can take place until the machinery is repaired.

Insurance claims have been put in hand and the cost of refurbishment and any subsequent losses, following initial investigations by the insurers and third party loss adjusters, should be covered by the insurers.

The financial statements to the year end 31 December 2017 should not be materially affected by the fire, however the year to 31 December 2018 is likely to show a reduced turnover figure although net profits shouldn't be affected following the insurance claim.

23 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel is as follows.

	2016	2015
	£	£
Aggregate compensation	82,994	60,000

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 £20,529 (2015 - £18,859). During the year £24,466 (2015 - £5,013) was paid and the remaining balance of £9,909 (2015 - £13,846) is included in trade creditors.

During the year the company was advanced £nil (2015 - £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 £147,701 (2015 - £168,228). At the year end, the outstanding balance owed was £5m (2015 - £5m).

24 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 Giulini.

25 Cash generated from operations

	2016	2015
	£	£
Loss for the year after tax	(2,142,426)	(679,369)
Adjustments for:		
Finance costs	213,442	249,107
Loss on disposal of tangible fixed assets	66,856	36,195
Amortisation and impairment of intangible assets	234,323	234,323
Depreciation and impairment of tangible fixed assets	970,089	869,775
(Decrease) in provisions	-	(86,383)
Movements in working capital:		
Decrease/(increase) in stocks	288,909	(24,875)
(Increase) in debtors	(1,559,485)	(72,135)
Increase in creditors	2,221,871	408,506
Cash generated from operations	293,579	935,144