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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 2018



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

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BRITISH FLUORSPAR LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business

Underground workings were extended to the eastern boundary of the mine during the year. A new underground decline was developed to the base of the mine (volcanic horizon) at the eastern end of the workings. This will provide access to a new deeper area of the vein structure which will support the 2019 ore production requirements for the mine.

During 2018 the company sourced substantial Acidgrade Fluorspar concentrate from other mining operations to support the Fluorsid Group essential raw material requirements. These Fluorspar trading activities accounted for the significant increase in turnover from £4 million to £28 million. This was necessary to support the company's activities during the period of the fire damaged Mill repair.

The repaired Mill and ongoing work over the last year to modernise Milldam Mine now means that the company will be able to refocus its efforts on its primary mining/processing activities during 2019.

Mineral tailings from Cavendish Mill are now processed to produce a wet restoration/construction sand. Restoration of the closed Tailings Dam 4 is ongoing. Planning permission was granted for the restoration of Longstone Edge and the continued operation of Watersaw Mine during the year.

Geological exploration drilling of the vein structure to the west of Watersaw was commenced during the last quarter of 2018 with a view to reopen and redevelop the mine during 2019.

Principal risks and uncertainties

The principal risks within the business as a primary industry (mining and mineral processing) are as follows:

1. Geological and unforeseen mining risks
2. Processing the ore to achieve an economic recovery and saleable mineral grade
3. Sustainable disposal of the mineral waste stream
4. Market risk for the sale of the mineral products

During December 2017 there was a fire in the key grinding section of Cavendish Mill mineral processing plant which put it out of action for the first part of 2018. The principal repair time constraint was the manufacture of critical parts for fire damaged processing equipment.

The mill was partly repaired during the first quarter of 2018 to permit a restart of production during April. The repairs were progressively completed during the second/third quarter of the year during which time production remained constrained.

Limited production and underground development continued at Milldam during the period the Mill was under repair.

On behalf of the board



Mr P J Robinson

Director
01/05/19

BRITISH FLUORSPAR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activities of the company are:

- Mining Vein Mineral (Fluorspar) Mining by Underground and Openpit Methods
- Processing Polymetals mined ores principally Fluorspar
- Sale of Industrial mineral products principally Fluorspar
- Trading Industrial Mineral Products principally for the Fluorsid Group raw material requirements.

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 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



Mr P J Robinson

Director

Date: 01/05/19

BRITISH FLUORSPAR LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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.

BRITISH FLUORSPAR LIMITED

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

Opinion

We have audited the financial statements of British Fluorspar Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

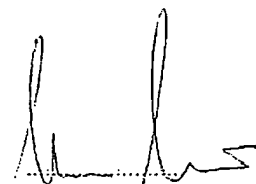
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Marco Micci (Senior Statutory Auditor)

Chartered Accountants
Statutory Auditor


02/05/19

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

BRITISH FLUORSPAR LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	27,967,287	4,078,398
Cost of sales		(23,075,951)	(4,765,088)
Gross profit/(loss)		4,891,336	(686,690)
Administrative expenses		(2,121,597)	(652,349)
Other operating income		2,362,235	265,686
Operating profit/(loss)	4	5,131,974	(1,073,353)
Interest payable and similar expenses	7	(123,397)	(195,061)
Profit/(loss) before taxation		5,008,577	(1,268,414)
Tax on profit/(loss)	8	-	-
Profit/(loss) for the financial year		5,008,577	(1,268,414)

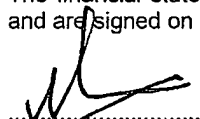
The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

BRITISH FLUORSPAR LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
Fixed assets			
Intangible assets	9	933,610	1,167,189
Tangible assets	10	5,004,535	5,112,900
		<u>5,938,145</u>	<u>6,280,089</u>
Current assets			
Stocks	12	273,272	505,723
Debtors	13	1,333,871	1,397,856
Cash at bank and in hand		62,278	16,486
		<u>1,669,421</u>	<u>1,920,065</u>
Creditors: amounts falling due within one year	14	<u>(7,674,592)</u>	<u>(10,577,069)</u>
Net current liabilities		<u>(6,005,171)</u>	<u>(8,657,004)</u>
Total assets less current liabilities		<u>(67,026)</u>	<u>(2,376,915)</u>
Creditors: amounts falling due after more than one year	15	-	(2,800,000)
Provisions for liabilities	17	<u>(938,906)</u>	<u>(837,594)</u>
Net liabilities		<u>(1,005,932)</u>	<u>(6,014,509)</u>
Capital and reserves			
Called up share capital	19	100,000	100,000
Profit and loss reserves		<u>(1,105,932)</u>	<u>(6,114,509)</u>
Total equity		<u>(1,005,932)</u>	<u>(6,014,509)</u>

The financial statements were approved by the board of directors and authorised for issue on 01/05/19 and are signed on its behalf by:


Mr P J Robinson
Director

Company Registration No. 08050701

BRITISH FLUORSPAR LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2017	100,000	(4,846,095)	(4,746,095)
Year ended 31 December 2017:			
Loss and total comprehensive income for the year	-	(1,268,414)	(1,268,414)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2017	100,000	(6,114,509)	(6,014,509)
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	5,008,577	5,008,577
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	<u>100,000</u>	<u>(1,105,932)</u>	<u>(1,005,932)</u>

BRITISH FLUORSPAR LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	24	5,896,143		1,538,888	
Interest paid		(123,397)		(195,061)	
Net cash inflow from operating activities		5,772,746		1,343,827	
Investing activities					
Purchase of tangible fixed assets		(969,860)		(331,893)	
Proceeds on disposal of tangible fixed assets		-		1,091,418	
Net cash (used in)/generated from investing activities		(969,860)		759,525	
Financing activities					
Repayment of borrowings		(2,800,000)		(2,200,000)	
Net cash used in financing activities		(2,800,000)		(2,200,000)	
Net increase/(decrease) in cash and cash equivalents		2,002,886		(96,648)	
Cash and cash equivalents at beginning of year		(3,703,695)		(3,607,047)	
Cash and cash equivalents at end of year		(1,700,809)		(3,703,695)	
Relating to:					
Cash at bank and in hand		62,278		16,486	
Bank overdrafts included in creditors payable within one year		(1,763,087)		(3,720,181)	

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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, 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.

At the time of approving the financial statement, 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 statement.

Historically the company has had operating losses, negative cash flow from operations, and working capital deficiencies. The financial statement related to the last fiscal year shows an improvement both in terms of operating revenues, cash flow generated and working capital; furthermore, the budget and the forecast for the next 12 months shows positive EBITDA.

The directors will continue to adopt the going concern basis of accounting in preparing the financial statement.

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 the future profitable trading the company will 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.

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.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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 where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset 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
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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.

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.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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 at bank and in hand 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.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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 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 2018

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

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3 Turnover and other revenue

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

	2018 £	2017 £
Turnover analysed by class of business		
Products	27,887,667	4,078,398
Recharge of transport	79,620	-
	<u>27,967,287</u>	<u>4,078,398</u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	244,851	-
Rest of Europe	27,722,436	4,078,398
	<u>27,967,287</u>	<u>4,078,398</u>

4 Operating profit/(loss)

	2018 £	2017 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange losses	28,812	281,696
Fees payable to the company's auditor for the audit of the company's financial statements	5,500	5,500
Depreciation of owned tangible fixed assets	984,509	993,229
Loss/(profit) on disposal of tangible fixed assets	93,716	(689,855)
Amortisation of intangible assets	233,579	234,323
Cost of stocks recognised as an expense	16,562,222	752,661
Operating lease charges	75,334	73,760

5 Employees

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

	2018 Number	2017 Number
Directors	2	2
Administrative	3	3
Cost of sales	43	36
	<u>48</u>	<u>41</u>

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

5 Employees (Continued)

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	1,129,282	945,816
Social security costs	134,745	112,696
Pension costs	18,029	8,232
	<u>1,282,056</u>	<u>1,066,744</u>

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>37,214</u>	<u>-</u>

7 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	4,359	31,101
Other interest on financial liabilities	119,038	163,960
	<u>123,397</u>	<u>195,061</u>

8 Taxation

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

	2018 £	2017 £
Profit/(loss) before taxation	<u>5,008,577</u>	<u>(1,268,414)</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	951,630	(244,170)
Tax effect of utilisation of tax losses not previously recognised	(951,630)	-
Unutilised tax losses carried forward	-	244,170
Taxation charge for the year	<u>-</u>	<u>-</u>

The company has estimated losses of £3,500,000 (2017 - £8,000,000) available for carry forward against future trading profits.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

9 Intangible fixed assets

	Mineral extraction rights £
Cost	
At 1 January 2018 and 31 December 2018	2,338,627
Amortisation and impairment	
At 1 January 2018	1,171,438
Amortisation charged for the year	233,579
At 31 December 2018	1,405,017
Carrying amount	
At 31 December 2018	933,610
At 31 December 2017	1,167,189

10 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2018	4,547,924	4,215,287	70,036	33,948	8,867,195
Additions	394,556	573,054	-	2,250	969,860
Disposals	-	(178,566)	-	-	(178,566)
At 31 December 2018	4,942,480	4,609,775	70,036	36,198	9,658,489
Depreciation and impairment					
At 1 January 2018	1,787,460	1,893,994	39,296	33,545	3,754,295
Depreciation charged in the year	517,489	451,053	15,374	593	984,509
Eliminated in respect of disposals	-	(84,850)	-	-	(84,850)
At 31 December 2018	2,304,949	2,260,197	54,670	34,138	4,653,954
Carrying amount					
At 31 December 2018	2,637,531	2,349,578	15,366	2,060	5,004,535
At 31 December 2017	2,760,464	2,321,293	30,740	403	5,112,900

11 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	591,012	1,737,085

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

		(Continued)	
11	Financial instruments		
	Carrying amount of financial liabilities		
	Measured at amortised cost	7,645,507	13,335,080
12	Stocks		
		2018	2017
		£	£
	Raw materials and consumables	197,822	273,658
	Finished goods and goods for resale	75,450	232,065
		273,272	505,723
13	Debtors		
		2018	2017
		£	£
	Amounts falling due within one year:		
	Trade debtors	502,262	2,538
	Other debtors	294,502	240,593
	Prepayments and accrued income	537,107	1,154,725
		1,333,871	1,397,856
14	Creditors: amounts falling due within one year		
		2018	2017
		£	£
	Notes		
	Bank loans and overdrafts	16	1,763,087
	Trade creditors		(220,720)
	Other taxation and social security		29,085
	Other creditors		5,593,317
	Accruals and deferred income		509,823
		7,674,592	10,577,069
15	Creditors: amounts falling due after more than one year		
		2018	2017
		£	£
	Notes		
	Other borrowings	16	-
			2,800,000

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

16 Loans and overdrafts

	2018 £	2017 £
Bank overdrafts	1,763,087	3,720,181
Other loans	-	2,800,000
	<u>1,763,087</u>	<u>6,520,181</u>
Payable within one year	1,763,087	3,720,181
Payable after one year	-	2,800,000
	<u></u>	<u></u>

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

For the £2M-Intesa loan the interest rate is 2.5% and this loan is renewed Annually.

17 Provisions for liabilities

	2018 £	2017 £
Restoration provision	<u>938,906</u>	<u>837,594</u>
Movements on provisions:		Restoration provision £
At 1 January 2018		837,594
Reversal of provision		101,312
At 31 December 2018		<u>938,906</u>

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

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>18,029</u>	<u>8,232</u>

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 (2017 - £nil) was included in creditors due within one year.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

19 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

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:

	2018 £	2017 £
Within one year	394,900	249,752
Between two and five years	556,500	765,485
	<u>951,400</u>	<u>1,015,237</u>

22 Related party transactions

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 £24,800 (2017 - £15,854).

23 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.

BRITISH FLUORSPAR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

24 Cash generated from operations

	2018 £	2017 £
Profit/(loss) for the year after tax	5,008,577	(1,268,414)
Adjustments for:		
Finance costs	123,397	195,061
Loss/(gain) on disposal of tangible fixed assets	93,716	(689,855)
Amortisation and impairment of intangible assets	233,579	234,323
Depreciation and impairment of tangible fixed assets	984,509	993,229
Increase/(decrease) in provisions	101,312	(76,023)
Movements in working capital:		
Decrease/(increase) in stocks	232,451	(87,233)
Decrease in debtors	63,985	543,349
(Decrease)/increase in creditors	(945,383)	1,694,451
Cash generated from operations	5,896,143	1,538,888