

Registered number
08050701

Fluorsid British Fluorspar Limited
Report and Financial Statements

31 December 2021

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Fluorsid British Fluorspar Limited
Report and accounts
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Fluorsid British Fluorspar Limited
Company Information

Directors

Mr P J Robinson
Mr L Metzinger
Mr I Gelain

Auditors

Davies McLennon Ltd
93 Wellington Road North
Stockport
Cheshire
SK4 2LR

Registered office

Cavendish Mill
Stoney Middleton
Hope Valley
Derbyshire
S32 4TH

Registered number

08050701

Fluorsid British Fluorspar Limited

Registered number: 08050701

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2021.

Principal activities

The company's principal activity during the year continued to be:

- 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 following persons served as directors during the year:

Mr P J Robinson
Mr L Metzinger
Mr I Gelain

Directors' responsibilities

The directors are responsible for preparing the report and 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 (Financial Reporting Standard 102 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 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.

Fluorsid British Fluorspar Limited

Registered number: 08050701

Directors' Report


Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 11/5/22 and signed on its behalf.

Director



LIOR ROTZINGER

Fluorsid British Fluorspar Limited Strategic Report

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

During 2021 the company concentrated its efforts on its primary mining/processing activities particularly the development of the western area of Milldam Mine which should secure future underground production. Strict Covid 19 Health & Hygiene policies continued to be enforced throughout the year and the company continuously operated both Milldam Mine and Cavendish Mill successfully throughout the period.

Periodic ground collapses continued above the Milldam workings due to the deterioration of historical lead mining working surface entrances (Shafts, Adits and Soufs). The most recent ground deterioration was located in the Silence Heritage Trust land above the Eastern part of the mine near the village of Great Hucklow.

Following the July 2021 meeting with the Mining Inspectorate and Peak Park that we would cease mining operations in the Eastern part of the Mine beneath the Silence Trust Heritage land and develop a new working area in the Western part of the mine. This new underground development work will limit production during 2021 and incur mid mine life Capital Expenditure.

It was agreed to provide CSR assistance to the Silence Heritage Trust and Peak Park Planning Authority to progress the remediation of the Lead Legacy ground collapses to the benefit of the local community.

Ore production was maintained generally at 2020 output during the first part of the year but substantially reduced during the second part of the period when mining in the Eastern Area ceased and all the mine resources were deployed on development of the Western Decline to secure future production at a shorter underground haul distance which should lower cost and increase production

Reduced ore production during 2021 was 86,800 tonnes which generated 16,674 wet tonnes of Fluorspar.

Underground development of the deeper Western Decline Tunnel system was 500 metres.

Mineral tailings from Cavendish Mill continued to be processed to produce a restoration grade sand for the ongoing progressive infill restoration of the Longstone Edge Quarry workings. Closure management of Tailings Dam 4 which is now used as a water management, wetland feature is ongoing. The terms of a 106 Planning agreement for the restoration of Longstone Edge was completed during the year giving the Company secure long-term cost-effective waste disposal facilities.

Watersaw Mine continued on Care and Maintenance for at least the duration of the Covid -19 Pandemic in order to minimise cost and deployment of all mining resources to the operation of Milldam Mine.

As a post balance sheet event extreme weather conditions including excessive rainfall flooded the mine workings causing extensive damage to the electrical systems and ground conditions during February 2022. Dewatering the mine workings and damage repair will restrict mine production until May 2022

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. Lead legacy old workings associated with the mine
3. Groundwater inflow into the mine in the deeper western production area
4. Processing the ore to achieve an economic recovery and saleable mineral grade
5. Sustainable disposal of the mineral waste stream
6. Market risk for the sale of the mineral products
7. Covid 19 Pandemic virus

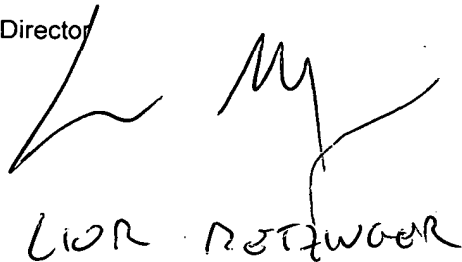
Other information and explanations

Subsequent to the year end, the Coronavirus Covid-19 global pandemic continues to affect trading businesses globally and within the UK. The speed and severity of the impact has been unprecedented. Consequently, the UK Government has introduced considerable measures to help business through this extremely challenging time which the company has not required to any great extent.

The company as an essential, rural primary industry continues to operate on a restricted basis in accordance with approved Covid-19 Health & Hygiene guidelines during the period of the Pandemic. The full impact of Covid-19 on the company is however currently unknown due to the multiple uncertainties. These are primarily in respect of the period over which Coronavirus impact will be felt by the company and the wider economy.

This report was approved by the board on 11/5/22 and signed on its behalf.

Director



Lior Retzwaer

Fluorsid British Fluorspar Limited
Independent auditor's report
to the members of Fluorsid British Fluorspar Limited

Opinion

We have audited the financial statements of Fluorsid British Fluorspar Limited (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including 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 the 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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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.

Material uncertainty related to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We draw attention to note 19 in the financial statements, which indicates that the company incurred a net loss of £2,751,033 during the year ended 31 December 2021 and, as of that date, the company's current liabilities exceeded its total assets by £3,821,870. The parent company has undertaken to provide support and in our opinion the company is dependent upon this support to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the 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.

Fluorsid British Fluorspar Limited
Independent auditor's report
to the members of Fluorsid 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 or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud, and non-compliance with laws and regulations was as follows :

- *the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;*
- *we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience;*
- *we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment legislation;*
- *we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and*
- *identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.*

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- *making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;*
- *considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations;*

Fluorsid British Fluorspar Limited
Independent auditor's report
to the members of Fluorsid British Fluorspar Limited

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;*
- tested journal entries to identify unusual transactions;*
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2 were indicative of potential bias;*
- investigated the rationale behind significant or unusual transactions;*

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;*
- reading the minutes of meetings of those charged with governance;*
- enquiring of management as to actual and potential litigation and claims;*

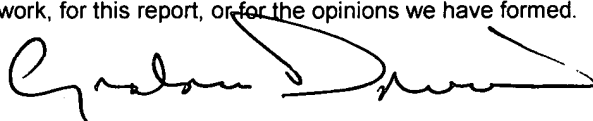
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at 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.



Graham Davies
(Senior Statutory Auditor)
for and on behalf of
Davies McLennan Ltd
Statutory Auditor

93 Wellington Road North
Stockport
Cheshire
SK4 2LR

11th May 2022

Fluorsid British Fluorspar Limited
Income Statement
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Turnover	3	5,272,132	8,562,506
Cost of sales		(6,725,189)	(7,089,031)
Gross (loss)/profit		<u>(1,453,057)</u>	<u>1,473,475</u>
Administrative expenses		(1,277,607)	(1,661,586)
Other operating income		48,193	275,185
Operating (loss)/profit	4	<u>(2,682,471)</u>	<u>87,074</u>
Interest payable	7	(68,563)	(42,692)
(Loss)/profit on ordinary activities before taxation		<u>(2,751,034)</u>	<u>44,382</u>
Tax on (loss)/profit on ordinary activities	8	-	(2,134)
(Loss)/profit for the financial year		<u>(2,751,034)</u>	<u>42,248</u>

Fluorsid British Fluorspar Limited
Statement of Comprehensive Income
for the year ended 31 December 2021

	Notes	2021 £	2020 £
(Loss)/profit for the financial year		(2,751,034)	42,248
Other comprehensive income			
Total comprehensive income for the year		<u>(2,751,034)</u>	<u>42,248</u>


Fluorsid British Fluorspar Limited
Statement of Financial Position
as at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Intangible assets	9	245,643	484,693
Tangible assets	10	<u>5,771,123</u>	<u>5,857,131</u>
		6,016,766	6,341,824
Current assets			
Stocks	11	794,745	627,341
Debtors	12	1,510,339	8,675,327
Cash at bank and in hand		<u>32,271</u>	<u>97,578</u>
		2,337,355	9,400,246
Creditors: amounts falling due within one year	13	(11,554,831)	(16,100,427)
Net current liabilities		<u>(9,217,476)</u>	<u>(6,700,181)</u>
Total assets less current liabilities		<u>(3,200,710)</u>	<u>(358,357)</u>
Provisions for liabilities			
Other provisions	14	(621,160)	(712,479)
Net liabilities		<u>(3,821,870)</u>	<u>(1,070,836)</u>
Capital and reserves			
Called up share capital	15	100,000	100,000
Profit and loss account	16	(3,921,870)	(1,170,836)
Total equity		<u>(3,821,870)</u>	<u>(1,070,836)</u>

Director

Approved by the board on

11/5/22


Lior Rothwiler

Fluorsid British Fluorspar Limited
Statement of Changes in Equity
for the year ended 31 December 2021

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2020	100,000	(1,213,084)	(1,113,084)
Profit for the financial year		42,248	42,248
At 31 December 2020	<u>100,000</u>	<u>(1,170,836)</u>	<u>(1,070,836)</u>
At 1 January 2021	100,000	(1,170,836)	(1,070,836)
Loss for the financial year		(2,751,034)	(2,751,034)
At 31 December 2021	<u>100,000</u>	<u>(3,921,870)</u>	<u>(3,821,870)</u>

Fluorsid British Fluorspar Limited
Statement of Cash Flows
for the year ended 31 December 2021

	Notes	2021 £	2020 £
Operating activities			
(Loss)/profit for the financial year		(2,751,034)	42,248
Adjustments for:			
Interest payable		68,563	42,692
Tax on (loss)/profit on ordinary activities		-	2,134
Depreciation		1,108,976	1,046,469
Amortisation of goodwill		239,050	239,051
(Increase)/decrease in stocks		(167,404)	658,918
Decrease/(increase) in debtors		7,164,987	(2,678,646)
(Decrease)/increase in creditors		(4,709,467)	3,062,119
		<u>953,671</u>	<u>2,414,985</u>
Interest paid		(25,871)	16,469
Corporation tax paid		2,134	(2,134)
Cash generated by operating activities		<u>929,934</u>	<u>2,429,320</u>
Investing activities			
Payments to acquire intangible fixed assets		-	28,241
Payments to acquire tangible fixed assets		1,515,732	(1,936,815)
Proceeds from sale of tangible fixed assets		-	(351,333)
Cash generated by/(used in) investing activities		<u>1,515,732</u>	<u>(2,259,907)</u>
Financing activities			
Repayment of loans		-	265,969
Cash generated by financing activities		<u>-</u>	<u>265,969</u>
Net cash generated			
Cash generated by operating activities		929,934	2,429,320
Cash generated by/(used in) investing activities		1,515,732	(2,259,907)
Cash generated by financing activities		-	265,969
Net cash generated		<u>2,445,666</u>	<u>435,382</u>
Cash and cash equivalents at 1 January		<u>(1,826,974)</u>	<u>(2,262,356)</u>
Cash and cash equivalents at 31 December		<u>(1,964,834)</u>	<u>(1,826,974)</u>
Cash and cash equivalents comprise:			
Cash at bank		32,271	97,578
Bank overdrafts	13	<u>(1,997,105)</u>	<u>(1,924,552)</u>
		<u>(1,964,834)</u>	<u>(1,826,974)</u>

Fluorsid British Fluorspar Limited
Notes to the Accounts
for the year ended 31 December 2021

1 Summary of significant accounting policies

Company information

Fluorsid 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.

Basis of preparation

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.

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.

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 flow from operations, and working capital deficiencies. The current financial statements show 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 support of the parent company, 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.

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.

Fluorsid British Fluorspar Limited
Notes to the Accounts
for the year ended 31 December 2021

Accounting policies

(Continued)

Intangible fixed assets

Intangible fixed assets are measured at cost less accumulative amortisation and any accumulative impairment losses.

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; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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:

Software	20% straight line
Mineral extraction rights	See note 1.18

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

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.

Fluorsid British Fluorspar Limited
Notes to the Accounts
for the year ended 31 December 2021

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.

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.

Cash and cash equivalents

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

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, 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.

Fluorsid British Fluorspar Limited
Notes to the Accounts
for the year ended 31 December 2021

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.

2 *Basic financial legalities*

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.

Fluorsid British Fluorspar Limited
Notes to the Accounts
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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.

Derecognition of financial assets

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

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.

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.

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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.

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.

Retirement benefits

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

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 profit or loss 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 leases asset are consumed.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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 in the period are included in profit or loss.

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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.

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.

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.

Fluorsid British Fluorspar Limited
Notes to the Accounts
for the year ended 31 December 2021

3 Analysis of turnover	2021	2020
	£	£
Sale of goods	<u>5,272,132</u>	<u>8,562,506</u>
By geographical market:		
UK	1,461,496	784,576
Europe	1,320,742	7,777,930
Rest of world	<u>2,489,894</u>	<u>-</u>
	<u>5,272,132</u>	<u>8,562,506</u>
4 Operating profit	2021	2020
	£	£
This is stated after charging / (crediting):		
Depreciation of owned fixed assets	1,108,976	1,046,469
Amortisation of goodwill	239,050	239,051
Operating lease rentals - plant and machinery	84,560	95,530
Auditors' remuneration for audit services	6,000	5,720
Exchange gains	(276,004)	(35,448)
Government grants	<u>(5,201)</u>	<u>(5,201)</u>
5 Directors' emoluments	2021	2020
	£	£
Emoluments	<u>66,000</u>	<u>67,106</u>
6 Staff costs	2021	2020
	£	£
Wages and salaries	1,605,967	1,331,394
Social security costs	190,217	183,610
Other pension costs	<u>55,244</u>	<u>55,530</u>
	<u>1,851,428</u>	<u>1,570,534</u>
Average number of employees during the year	Number	Number
Administration	2	3
Directors	3	3
Cost of sales	<u>58</u>	<u>57</u>
	<u>63</u>	<u>63</u>
7 Interest payable	2021	2020
	£	£
Bank loans and overdrafts	38,848	42,692
Other loans	<u>29,715</u>	<u>-</u>
	<u>68,563</u>	<u>42,692</u>

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8 Taxation	2021	2020
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	-	2,134
Tax on profit on ordinary activities	-	2,134

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2021	2020
	£	£
(Loss)/profit on ordinary activities before tax	(2,751,034)	44,382
Standard rate of corporation tax in the UK	20%	20%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	-	8,876
Effects of:		
Expenses not deductible for tax purposes	-	(6,742)
Current tax charge for period	-	2,134

Factors that may affect future tax charges

9 Intangible fixed assets	£	£	£
	Software	Mineral extraction rights	Total
Cost			
At 1 January 2021	28,241	2,338,627	2,366,868
At 31 December 2021	28,241	2,338,627	2,366,868
Amortisation			
At 1 January 2021	10,352	1,871,823	1,882,175
Provided during the year	5,648	233,403	239,050
At 31 December 2021	16,000	2,105,226	2,121,225
Carrying amount			
At 31 December 2021	12,241	233,401	245,643
At 31 December 2020	17,889	466,804	484,693

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10 Tangible fixed assets

	Land and buildings	Plant and machinery	Total
	<i>At cost</i>	<i>At cost</i>	
	£	£	£
Cost or valuation			
At 1 January 2021	6,900,979	5,498,095	12,399,074
Additions	941,681	81,287	1,022,968
At 31 December 2021	<u>7,842,660</u>	<u>5,579,382</u>	<u>13,422,042</u>
Depreciation			
At 1 January 2021	3,123,997	3,417,946	6,541,943
Charge for the year	555,547	553,429	1,108,976
At 31 December 2021	<u>3,679,544</u>	<u>3,971,375</u>	<u>7,650,919</u>
Carrying amount			
At 31 December 2021	<u>4,163,116</u>	<u>1,608,007</u>	<u>5,771,123</u>
At 31 December 2020	<u>3,776,982</u>	<u>2,080,149</u>	<u>5,857,131</u>

11 Stocks

	2021	2020
	£	£
Raw materials and consumables	5,975	553,048
Work in progress	462,738	-
Finished goods and goods for resale	326,032	74,293
	<u>794,745</u>	<u>627,341</u>

12 Debtors

	2021	2020
	£	£
Trade debtors	923,625	6,603,662
Other debtors	293,116	382,131
Prepayments and accrued income	293,598	1,689,534
	<u>1,510,339</u>	<u>8,675,327</u>

13 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans	1,997,105	1,924,552
Trade creditors	636,547	754,435
Corporation tax	(1)	-
Other taxes and social security costs	80,476	79,407
Other creditors	8,478,636	12,935,490
Accruals and deferred income	362,068	406,543
	<u>11,554,831</u>	<u>16,100,427</u>

The bank overdrafts are secured against the assets of the company.

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14 Provisions for liabilities

Restoration of land provision

	£
At 1 January 2021	712,479
Additional provisions made during the period	(91,319)
At 31 December 2021	<u>621,160</u>

Provision relates to the future costs of restoring land.

15 Share capital	Nominal value	2021 Number	2021 £	2020 £
Allotted, called up and fully paid: Ordinary shares	£1 each	100,000	<u>100,000</u>	<u>100,000</u>

16 Profit and loss account	2021 £	2020 £
At 1 January	(1,170,836)	(1,213,084)
(Loss)/profit for the financial year	(2,751,034)	42,248
At 31 December	<u>(3,921,870)</u>	<u>(1,170,836)</u>

17 Events after the reporting date

Extreme weather conditions including excessive rainfall flooded the mine workings causing extensive damage to the electrical systems and ground conditions during February 2022. Dewatering the mine workings and damage repair will restrict mine production until May 2022

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18 Other financial commitments

Total future minimum lease payments under non-cancellable operating leases:

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:-

	Land and buildings 2021 £	Land and buildings 2020 £	Other 2021 £	Other 2020 £
Falling due:				
within one year	332,200	332,200	-	-
within two to five years	324,500	324,500	-	-
	<u>656,700</u>	<u>656,700</u>	<u>-</u>	<u>-</u>

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.

19 Support from Parent Company

The company incurred a net loss of £2,751,033 during the year ended 31 December 2021 and, as of that date, the company's current liabilities exceeded its total assets by £3,821,870. The parent company has undertaken to provide financial support to Fluorsid British Fluorspar Limited. Whilst a declaration of support has been provided, this is not necessarily something which is legally enforceable, creating some uncertainty surrounding the company's ability to continue as a going concern.

20 Related party transactions

During the year the company purchased services from Land Regeneration Management Limited, of which Mr PJ Robinson is a director, amounting to £115,972 (2020 - £134,944).

21 Controlling party

At the year end the ultimate parent company was Fluorsid Group srl incorporated in Italy. The ultimate controlling party is Tommaso Giuliani, by virtue of his majority shareholding in Fluorsid Group srl.

22 Presentation currency

The financial statements are presented in Sterling.

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23 Legal form of entity and country of incorporation

Fluorsid British Fluorspar Limited is a private company limited by shares and incorporated in England.

24 Principal place of business

The address of the company's principal place of business and registered office is:

Cavendish Mill
Stoney Middleton
Hope Valley
Derbyshire
S32 4TH