

Seabed Resources Development Limited

Report and Financial Statements

Period from incorporation to 31 December 2013

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COMPANIES HOUSE

Directors

S Ball

D Cunningham

J MacLauchlan

J Ward (resigned 15 July 2014)

L Reiners (appointed 18 July 2014)

Secretary

D Heywood

D Salinger

G Cole

Auditors

Ernst & Young LLP

Wessex House

19 Threefield Lane

Southampton SO14 3QB

Bankers

Citibank

Canada Square

Canary Wharf

London E14 5LB

Solicitors

MacRae & Co

100 Cannon Street

London EC4N 6EU

Registered Office

MacRae & Co

100 Cannon Street

London EC4N 6EU

Registered No. 08365766

Directors' report

The directors present their report and financial statements for the period from the date of incorporation on 18 January 2013 to 31 December 2013.

Results and dividends

The loss for the period amounted to £3,115,086. The directors do not recommend a final dividend.

Principal activity

The principal activity of the company is to engage in the surveying of the seabed for mineral deposits.

The company was incorporated on 18 January 2013.

Future developments

Seabed Resources Development Ltd together with its sister company UK Seabed Resources Limited intend to engage in the exploration of the Clarion-Clipperton fracture zone in the Pacific Ocean for polymetallic nodules.

Going concern

The company is funded by way of an inter-group loan from its parent undertaking Lockheed Martin UK Holdings Ltd. This parent undertaking has provided assurances to the directors of the company that it will continue to provide loan balances to the company to support its activities for the foreseeable future.

On the basis of their assessment of the company's financial position and of the enquiries made and assurances received from its parent, the directors expect that the company will be able to continue in operational existence for the foreseeable future. Therefore the directors have adopted the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors who served the company during the period were as follows:

S Ball

D Cunningham

J MacLauchlan

J Ward (resigned 15 July 2014)

Directors' liabilities

The company has indemnified the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the directors' report.

Directors' report

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Ernst & Young LLP were appointed by the company during the period. A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

This report has been prepared in accordance with the special provision of Part XV of the Companies Act 2006 relating to smaller entities.

On behalf of the Board

S. Ball
(Director)



Date

12 Sept 2014

Statement of directors' responsibilities

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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of UK Seabed Resources Limited

We have audited the financial statements of UK Seabed Resources Limited for the period from 18 January 2013 to 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report

to the members of UK Seabed Resources Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report and take advantage of the small companies' exemption in preparing the Directors' Report.

Ernst & Young LLP

Tony McCartney (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Southampton

Date: *12/9/2014*

Profit and loss account

for the period 18 January 2013 to 31 December 2013

	Notes	2013 £
Turnover		–
Cost of sales		–
Gross Profit		–
Administration expenses		(3,101,709)
Operating Loss		(3,101,709)
Interest payable and similar charges	3	(13,377)
Loss on ordinary activities before taxation		(3,115,086)
Taxation	4	–
Loss for the financial period		<u>(3,115,086)</u>

All amounts relate to continuing activities.

Statement of total recognised gains and losses

for the period 18 January 2013 to 31 December 2013

There are no recognised gains or losses for the period 18 January 2013 to 31 December 2013 other than the loss for the period of £3,115,086.

Balance sheet

at 31 December 2013

	Notes	2013 £
Current assets		
Cash at bank and in hand		433,076
Debtors	5	<u>10,439</u>
		443,515
Creditors: amounts falling due within one year	6	<u>(2,558,601)</u>
Net current liabilities		<u>(2,115,086)</u>
Net liabilities		<u>(2,115,086)</u>
Capital and reserves		
Called up share capital	7	1,000,000
Profit and loss account	8	<u>(3,115,086)</u>
Shareholders' deficit		<u>(2,115,086)</u>

S Ball
(Director)



Date: 12 Sept 2014

Notes to the financial statements

at 31 December 2013

1. Accounting policies

Basis of preparation

The financial statements of UK Seabed Resources Limited were approved for issue by the Board of Directors on the date shown on the balance sheet.

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

The company is funded by way of an inter-group loan from its parent undertaking Lockheed Martin UK Holdings Ltd. This parent undertaking has provided assurances to the directors of the company that it will continue to provide loan balances to the company to support its activities for the foreseeable future.

On the basis of their assessment of the company's financial position and of the enquiries made and assurances received from its parent, the directors expect that the company will be able to continue in operational existence for the foreseeable future. Therefore the directors have adopted the going concern basis of accounting in preparing the annual financial statements.

Statement of cash flows

The company has utilised the exemption under FRS 1 (revised) as a subsidiary undertaking whose ultimate parent undertaking prepares consolidated group financial statements that are publicly available, and has not presented a statement of cash flows.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling of the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Notes to the financial statements

at 31 December 2013

2. Directors' remuneration

	2013 £
Remuneration	<u>19,274</u>

The remuneration note above relates to qualifying services provided to the company which is borne by a fellow subsidiary undertaking. Two directors were eligible for the company pension scheme but only one is a member.

3. Interest payable and similar charges

	2013 £
Interest on loan from parent undertaking	13,377
	<u>13,377</u>

4. Taxation

(a) Tax on loss on ordinary activities

The tax balance is made up as follows:

	2013 £
Current tax:	
UK corporation tax on the loss for the period	—
Total current tax (note 4(b))	—
Deferred tax:	
Deferred tax	—
Tax on loss on ordinary activities	<u>—</u>

Notes to the financial statements

at 31 December 2013

4. Tax (continued)

(b) Factors affecting the current tax for the year

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 23.25%. The differences are explained below:

	2013 £
Loss on ordinary activities before tax	<u>3,115,086</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25%	724,258
<i>Effects of:</i>	
Losses carried forward	<u>(724,258)</u>
Current tax for the year	<u>-</u>

There is a non-recognised deferred tax asset in respect of losses carried forward of £623,017.

5. Debtors

	2013 £
Prepayments and other debtors	10,439
	<u>10,439</u>

6. Creditors: amounts falling due within one year

	2013 £
Trade creditors	41,752
Amounts owed to parent undertaking	2,516,849
	<u>2,558,601</u>

7. Issued share capital

	2013 £
<i>Allotted, called up and fully paid</i>	<i>No.</i>
Ordinary shares of £1 each	1,000,000
	<u>1,000,000</u>

Notes to the financial statements

at 31 December 2013

8. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£
At 18 January 2013	-	-	-
Shares issued in the period	1,000,000	-	1,000,000
Loss for the period	-	(3,115,086)	(3,115,086)
At 31 December 2013	<u>1,000,000</u>	<u>(3,115,086)</u>	<u>(2,115,086)</u>

9. Capital commitments

There were no contracted or non-contracted capital commitments at 31 December 2013.

10. Related party transactions

The company has utilised the exemption under FRS 8 as a subsidiary undertaking not to disclose transactions with other wholly owned subsidiaries of Lockheed Martin Corporation group. There were no other related party transactions.

11. Ultimate parent undertaking and controlling party

The directors regard Lockheed Martin Corporation, a company registered in the USA, as the ultimate parent undertaking and controlling party. Copies of the ultimate parent's group financial statements may be obtained from Lockheed Martin Investor Department, 6801 Rockledge Drive, Bethesda, Maryland, 28017, USA. Lockheed Martin Corporation is the parent undertaking of the largest and smallest Group of undertakings for which group financial statements are drawn up and of which the company is a member.

The company's immediate parent undertaking is Lockheed Martin UK Holdings Limited. Copies of the financial statements of this company may be obtained from its registered office, 100 Cannon Street, London, EC4N 6EU, United Kingdom.