

**SRK EXPLORATION
SERVICES LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

COMPANY NO: 04929472



SRK EXPLORATION SERVICES LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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SRK EXPLORATION SERVICES LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

DIRECTORS:

W F A Kellaway
J A Gilbertson
M G Armitage
A J Barrett

SECRETARY:

E M Hallett

REGISTERED OFFICE:

21 Gold Tops
NEWPORT
NP20 4PG

REGISTERED NUMBER:

04929472 (England and Wales)

AUDITORS:

Watts Gregory LLP
Chartered Accountants & Statutory Auditors
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

SRK EXPLORATION SERVICES LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The nature of the company's operations and principal activities are that of provision of geological exploration services to the mining industry.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

W F A Kellaway
J A Gilbertson
M G Armitage
A J Barrett

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director 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 auditors are aware of that information.

AUDITORS

The auditors, Watts Gregory LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



J A Gilbertson - Director

21 June 2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SRK EXPLORATION SERVICES LIMITED

Opinion

We have audited the financial statements of SRK Exploration Services Limited (the 'company') for the year ended 31 December 2020 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 Financial Reporting Standard 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 2020 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 Auditors' 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

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

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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern in exceptional or unforeseen circumstances.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors 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 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SRK EXPLORATION SERVICES 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 Report of the Directors.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SRK EXPLORATION SERVICES LIMITED**

Auditors' 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 a Report of the Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of both the company and industry, we identified the principal risks of non-compliance with laws and regulations, including those related to UK tax legislation and considered the extent to which any non-compliance might have on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and ensured that all those involved in the audit undergo regular update training, including on how to identify or recognise fraud and non-compliance with laws and regulations.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inaccurate journals and management bias in accounting estimates, especially in respect of the recognition of the fair value of services provided and provisions against trade debtors. We addressed these risks by carrying out specifically targeted procedures, which included:

- discussions with management, including consideration of any known or suspected instances of non-compliance with laws and regulations and/or fraud;
- reading minutes of meetings of those charged with governance;
- the appropriateness of journal entries and other adjustments;
- sample testing the recognition of income against contracts and costs recorded;
- challenging management in relation to significant accounting estimates;
- evaluating the reasons for any large or unusual transactions;
- reviewing disclosures in the financial statements to underlying supporting documentation

As outlined above, reasonable assurance is a high level of assurance, but is not a guarantee that a material misstatement may always be detected. The extent to which our procedures are capable of detecting material misstatements or irregularities, including fraud, is therefore subject to the inherent limitations of an audit. There is therefore, an unavoidable risk that a material misstatement may not come to light, in particular, where non-compliance with laws and regulations are remote from events and transactions reflected in the financial statements or where fraud or errors arise due to intentional misrepresentation, forgery, concealment, management override and/or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.



Julia Mortimer (Senior Statutory Auditor)
for and on behalf of Watts Gregory LLP
Chartered Accountants & Statutory Auditors
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

Date: 23 June 2021

SRK EXPLORATION SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
TURNOVER		3,601,295	4,644,284
Cost of sales		(2,330,690)	(3,353,183)
GROSS PROFIT		1,270,605	1,291,101
Administrative expenses		(1,105,434)	(1,201,667)
OPERATING PROFIT		165,171	89,434
Amounts written off investments		-	(1)
		165,171	89,433
Interest payable and similar expenses		-	(7,579)
PROFIT BEFORE TAXATION		165,171	81,854
Tax on profit	4	(74,818)	(55,948)
PROFIT FOR THE FINANCIAL YEAR		90,353	25,906

The notes form part of these financial statements

SRK EXPLORATION SERVICES LIMITED

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		90,353	25,906
OTHER COMPREHENSIVE INCOME			
Foreign currency translation gain/(loss)		(4,704)	(15,728)
Income tax relating to other comprehensive income		-	-
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(4,704)	(15,728)
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		85,649	10,178
		<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	5	42,486	56,381
Investments	6	1,270	1,270
		<u>43,756</u>	<u>57,651</u>
CURRENT ASSETS			
Debtors	7	1,507,500	1,514,272
Cash at bank and in hand		649,565	152,343
		<u>2,157,065</u>	<u>1,666,615</u>
CREDITORS			
Amounts falling due within one year	8	(1,293,694)	(902,788)
NET CURRENT ASSETS		<u>863,371</u>	<u>763,827</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>907,127</u>	<u>821,478</u>
CAPITAL AND RESERVES			
Called up share capital	10	20,900	20,900
Share premium		360,234	360,234
Retained earnings		525,993	440,344
SHAREHOLDERS' FUNDS		<u>907,127</u>	<u>821,478</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved for issue by the Board of Directors and authorised for issue on 21 June 2021 and were signed on its behalf by:



J A Gilbertson - Director

SRK EXPLORATION SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2019	20,900	430,166	360,234	811,300
Changes in equity				
Total comprehensive income	-	10,178	-	10,178
Balance at 31 December 2019	<u>20,900</u>	<u>440,344</u>	<u>360,234</u>	<u>821,478</u>
Changes in equity				
Total comprehensive income	-	85,649	-	85,649
Balance at 31 December 2020	<u>20,900</u>	<u>525,993</u>	<u>360,234</u>	<u>907,127</u>

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

SRK Exploration Services Limited is a private company, limited by shares, incorporated in Wales, in the United Kingdom. The company's registered number is 04929472 (England and Wales). The company's place of business is 12 St Andrew's Crescent, Cardiff, CF10 3DD. The registered office is 21 Gold Tops, Newport, NP20 4PG. The nature of the company's operations and principal activities are that of provision of geological exploration services to the mining industry.

The financial statements are presented in Sterling (£), the company's functional currency, and rounded to the nearest pound.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

There have been no material departures from Section 1A of Financial Reporting Standard 102.

Preparation of consolidated financial statements

The financial statements contain information about SRK Exploration Services Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

100% of the company's turnover relates to services provided in respect of overseas sites for the current period and previous year.

Tangible fixed assets

Fixed assets are recorded at cost.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is shorter.

Short leasehold	-	over the period of the lease
Fixtures and fittings	-	15% on cost
Computer equipment	-	33% on cost

All fixed assets are stated at cost less accumulated depreciation. Cost include costs directly attributable to making the asset capable of operating as intended.

Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

2. **ACCOUNTING POLICIES - continued**

Taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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 which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an un-discounted 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 or substantively enacted at the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Employee benefits

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

The benefits of lease incentives are recognised in the profit and loss account over the lease period.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 27 (2019 - 25).

4. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2020 £	2019 £
Current tax:		
UK corporation tax	5,217	-
Over/(under) provision of tax	-	4,506
Unrelieved foreign tax	39,948	-
Foreign tax - deduction relief	-	92,677
Total current tax	<u>45,165</u>	<u>97,183</u>
Deferred tax	<u>29,653</u>	<u>(41,235)</u>
Tax on profit	<u><u>74,818</u></u>	<u><u>55,948</u></u>

Tax effects relating to effects of other comprehensive income

	Gross £	2020 Tax £	Net £
Foreign currency translation gain/(loss)	<u>(4,704)</u>	<u>-</u>	<u>(4,704)</u>
	Gross £	2019 Tax £	Net £
Foreign currency translation gain/(loss)	<u>(15,728)</u>	<u>-</u>	<u>(15,728)</u>

5. TANGIBLE FIXED ASSETS

	Short Leasehold £	Fixtures, fittings and equipment £	Computer equipment £	Totals £
COST				
At 1 January 2020	101,428	47,245	142,459	291,132
Additions	-	5,417	10,009	15,426
At 31 December 2020	<u>101,428</u>	<u>52,662</u>	<u>152,468</u>	<u>306,558</u>
DEPRECIATION				
At 1 January 2020	73,230	38,130	123,391	234,751
Charge for year	10,654	7,351	11,316	29,321
At 31 December 2020	<u>83,884</u>	<u>45,481</u>	<u>134,707</u>	<u>264,072</u>
NET BOOK VALUE				
At 31 December 2020	<u>17,544</u>	<u>7,181</u>	<u>17,761</u>	<u>42,486</u>
At 31 December 2019	<u>28,198</u>	<u>9,115</u>	<u>19,068</u>	<u>56,381</u>

SRK EXPLORATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2020

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2020 and 31 December 2020	1,270
NET BOOK VALUE	
At 31 December 2020	1,270
At 31 December 2019	1,270

7. DEBTORS

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	856,392	729,714
Other debtors	259,502	164,575
VAT	24,511	38,688
Prepayments and accrued income	331,324	508,397
	<u>1,471,729</u>	<u>1,441,374</u>
Amounts falling due after more than one year:		
Deferred tax asset	35,771	72,898
Aggregate amounts	<u>1,507,500</u>	<u>1,514,272</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	347,085	515,388
Foreign tax payable	8,178	-
Social security and other taxes	171,656	77,883
Other creditors	327,211	65,124
Accruals and deferred income	439,564	244,393
	<u>1,293,694</u>	<u>902,788</u>

9. LEASING AGREEMENTS

Total financial commitments, guarantees and contingencies which are not included in the balance sheet amount to £14,750 (2019: £73,750) in respect of land and buildings.

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2020	2019
Number:	Class:	Nominal value:	£	£
20,900	Ordinary	£1	<u>20,900</u>	<u>20,900</u>

11. PENSION COMMITMENTS

The company made contributions of £70,327 (2019 - £105,355) to the pension plans of employees and directors during the period. At the year end £7,749 (2019 - £nil) contributions were outstanding.

SRK EXPLORATION SERVICES LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020		2019	
	£	£	£	£
Turnover				
Professional fees		3,601,295		4,644,284
Cost of sales				
Wages	1,052,980		1,058,574	
Sub consultants	1,008,578		1,731,239	
Travel and accommodation	266,964		558,125	
Direct project costs	2,168		5,245	
		2,330,690		3,353,183
GROSS PROFIT		1,270,605		1,291,101
Expenditure				
Rent, rates and office costs	100,326		107,312	
Directors' salaries	164,099		206,100	
Directors' social security	21,431		25,162	
Directors' pension contributions	18,300		19,750	
Wages	177,687		162,399	
Pensions	52,027		85,605	
Computer expenses	10,121		25,488	
Telephone	24,757		27,835	
Post and stationery	2,113		3,386	
Advertising	23,941		48,925	
Licences and insurance	98,924		77,107	
Repairs and renewals	15,633		16,746	
Training and conferences	5,286		5,677	
Healthcare costs	45,701		29,669	
Sundry expenses	116,887		82,732	
Licences	29,056		17,780	
Inoculations and visas	8,009		18,162	
Group fees	44,501		64,596	
Legal and professional fees	51,349		10,010	
Auditors' remuneration	13,502		13,515	
Foreign exchange (gains)/ losses	28,738		30,854	
Depreciation of tangible fixed assets				
Short leasehold	10,654		9,158	
Plant and machinery	7,351		1,144	
Computer equipment	11,316		13,672	
Entertainment	5,593		13,493	
Bad debts	11,334		78,137	
		1,098,636		1,194,414
		171,969		96,687
Finance costs				
Bank charges and interest	6,798		7,253	
Other interest	-		7,579	
		6,798		14,832
		165,171		81,855
Amounts written off investments				
Amounts written off investment		-		1
NET PROFIT		165,171		81,854

This page does not form part of the statutory financial statements