

REGISTERED NUMBER: 04929472 (England and Wales)

SRK EXPLORATION SERVICES LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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

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FOR THE YEAR ENDED 31 DECEMBER 2019

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SRK EXPLORATION SERVICES LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

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
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SRK EXPLORATION SERVICES LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their report with the financial statements of the company for the year ended 31 December 2019.

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 2019 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

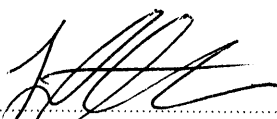
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant 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

Date: 23rd SEPTEMBER 2020

Opinion

We have audited the financial statements of SRK Exploration Services Limited (the 'company') for the year ended 31 December 2019 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 2019 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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of 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.

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.

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

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.

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.

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: 23rd SEPTEMBER 2020

SRK EXPLORATION SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
TURNOVER		4,644,284	3,977,435
Cost of sales		<u>(3,353,183)</u>	<u>(2,950,234)</u>
GROSS PROFIT		1,291,101	1,027,201
Administrative expenses		<u>(1,201,667)</u>	<u>(1,158,998)</u>
		89,434	(131,797)
Other operating income		-	<u>629</u>
OPERATING PROFIT/(LOSS)		89,434	(131,168)
Amounts written off investments		<u>(1)</u>	<u>-</u>
		89,433	(131,168)
Interest payable and similar expenses		<u>(7,579)</u>	<u>(15)</u>
PROFIT/(LOSS) BEFORE TAXATION		81,854	(131,183)
Tax on profit/(loss)	4	<u>(55,948)</u>	<u>23,156</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u><u>25,906</u></u>	<u><u>(108,027)</u></u>

The notes form part of these financial statements

SRK EXPLORATION SERVICES LIMITED

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	2018 £
PROFIT/(LOSS) FOR THE YEAR		25,906	(108,027)
OTHER COMPREHENSIVE INCOME			
Foreign currency translation gain/(loss)		(15,728)	(11,956)
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>(15,728)</u>	<u>(11,956)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>10,178</u>	<u>(119,983)</u>

The notes form part of these financial statements

SRK EXPLORATION SERVICES LIMITED (REGISTERED NUMBER: 04929472)

BALANCE SHEET
31 DECEMBER 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	5	56,381	49,083
Investments	6	1,270	1,271
		<u>57,651</u>	<u>50,354</u>
CURRENT ASSETS			
Debtors	7	1,514,272	1,570,899
Cash at bank and in hand		152,343	222,558
		<u>1,666,615</u>	<u>1,793,457</u>
CREDITORS			
Amounts falling due within one year	8	(902,788)	(1,032,511)
NET CURRENT ASSETS		<u>763,827</u>	<u>760,946</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>821,478</u>	<u>811,300</u>
CAPITAL AND RESERVES			
Called up share capital	10	20,900	20,900
Share premium		360,234	360,234
Retained earnings		440,344	430,166
SHAREHOLDERS' FUNDS		<u>821,478</u>	<u>811,300</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 23rd SEPTEMBER 2020 and were signed on its behalf by:


.....
J A Gilbertson - Director

The notes form part of these financial statements

SRK EXPLORATION SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2018	20,900	550,149	360,234	931,283
Changes in equity				
Total comprehensive income	-	(119,983)	-	(119,983)
Balance at 31 December 2018	<u>20,900</u>	<u>430,166</u>	<u>360,234</u>	<u>811,300</u>
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>

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 25 (2018 - 23).

4. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
Over/(under) provision of tax	4,506	-
Foreign tax - deduction relief	92,677	-
Total current tax	<u>97,183</u>	<u>-</u>
Deferred tax	(41,235)	(23,156)
Tax on profit/(loss)	<u>55,948</u>	<u>(23,156)</u>

Tax effects relating to effects of other comprehensive income

	Gross £	2019 Tax £	Net £
Foreign currency translation gain/(loss)	<u>(15,728)</u>	<u>-</u>	<u>(15,728)</u>
	Gross £	2018 Tax £	Net £
Foreign currency translation gain/(loss)	<u>(11,956)</u>	<u>-</u>	<u>(11,956)</u>

5. TANGIBLE FIXED ASSETS

	Short Leasehold £	Fixtures, fittings and equipment £	Computer equipment £	Totals £
COST				
At 1 January 2019	91,023	41,021	127,816	259,860
Additions	10,405	6,224	14,643	31,272
At 31 December 2019	<u>101,428</u>	<u>47,245</u>	<u>142,459</u>	<u>291,132</u>
DEPRECIATION				
At 1 January 2019	64,072	36,986	109,719	210,777
Charge for year	9,158	1,144	13,672	23,974
At 31 December 2019	<u>73,230</u>	<u>38,130</u>	<u>123,391</u>	<u>234,751</u>
NET BOOK VALUE				
At 31 December 2019	<u>28,198</u>	<u>9,115</u>	<u>19,068</u>	<u>56,381</u>
At 31 December 2018	<u>26,951</u>	<u>4,035</u>	<u>18,097</u>	<u>49,083</u>

SRK EXPLORATION SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2019

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2019	1,271
Disposals	(1)
At 31 December 2019	<u>1,270</u>
NET BOOK VALUE	
At 31 December 2019	<u>1,270</u>
At 31 December 2018	<u><u>1,271</u></u>

7. DEBTORS

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	729,714	908,469
Other debtors	164,575	114,039
Corporation tax	-	22,473
VAT	38,688	4,328
Prepayments and accrued income	508,397	489,927
	<u>1,441,374</u>	<u>1,539,236</u>
Amounts falling due after more than one year:		
Deferred tax asset	<u>72,898</u>	<u>31,663</u>
Aggregate amounts	<u><u>1,514,272</u></u>	<u><u>1,570,899</u></u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	515,388	541,439
Social security and other taxes	77,883	85,237
Other creditors	65,124	30,101
Accruals and deferred income	244,393	375,734
	<u>902,788</u>	<u>1,032,511</u>

9. LEASING AGREEMENTS

Total financial commitments, guarantees and contingencies which are not included in the balance sheet amount to £73,750 (2018: £132,750) in respect of land and buildings.

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2019	2018
Number:	Class:	Nominal value:	£	£
20,900	Ordinary	£1	<u>20,900</u>	<u>20,900</u>

SRK EXPLORATION SERVICES LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019		2018	
	£	£	£	£
Turnover				
Professional fees		4,644,284		3,977,435
Cost of sales				
Opening finished goods	5,349		-	
Wages	1,058,574		928,182	
Sub consultants	1,725,890		1,595,183	
Travel and accommodation	558,125		323,202	
Direct project costs	5,245		103,667	
		<u>3,353,183</u>	<u></u>	<u>2,950,234</u>
GROSS PROFIT		1,291,101		1,027,201
Other income				
Discounts received		-		629
		<u>1,291,101</u>		<u>1,027,830</u>
Expenditure				
Rent, rates and office costs	107,312		114,641	
Directors' salaries	206,100		196,928	
Directors' social security	25,162		23,478	
Directors' pension contributions	19,750		19,693	
Wages	162,399		146,302	
Pensions	85,605		64,196	
Computer expenses	25,488		24,320	
Telephone	27,835		28,575	
Post and stationery	3,386		11,904	
Advertising	48,925		38,231	
Licences and insurance	77,107		77,960	
Repairs and renewals	16,746		18,928	
Training and conferences	5,677		22,484	
Healthcare costs	29,669		40,319	
Sundry expenses	82,732		78,192	
Licences	17,780		19,154	
Inoculations and visas	18,162		16,678	
Group fees	64,596		50,988	
Legal and professional fees	10,010		31,791	
Auditors' remuneration	13,515		13,466	
Foreign exchange (gains)/ losses	30,854		38,158	
Depreciation of tangible fixed assets				
Short leasehold	9,158		6,859	
Plant and machinery	1,144		2,966	
Computer equipment	13,672		16,926	
Entertainment	13,493		-	
Bad debts	78,137		50,592	
		<u>1,194,414</u>	<u></u>	<u>1,153,729</u>
		96,687		(125,899)
Finance costs				
Bank charges and interest	7,253		5,269	
Other interest	7,579		-	
Interest payable	-		15	
		<u>14,832</u>	<u></u>	<u>5,284</u>
Carried forward		81,855		(131,183)

This page does not form part of the statutory financial statements

SRK EXPLORATION SERVICES LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019		2018	
	£	£	£	£
Brought forward		81,855		(131,183)
Amounts written off investments				
Amounts written off investment		<u>1</u>		<u>-</u>
NET PROFIT/(LOSS)		<u><u>81,854</u></u>		<u><u>(131,183)</u></u>

This page does not form part of the statutory financial statements