

Britannia's Gold Limited

Directors' Report and Unaudited

Financial Statements

Year Ended

31 October 2019

Company Number 10413252

Britannia's Gold Limited

Company Information

Directors	N M Ankers W A Carrier (resigned 6 February 2020) M Garrido N P Henry P J Reid
Registered number	10413252
Registered office	The London Office 85 Great Portland Street First Floor London England W1W 7LT

Britannia's Gold Limited

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Britannia's Gold Limited

Directors' Report For the Year Ended 31 October 2019

The directors present their report and the financial statements for the year ended 31 October 2019.

Directors

The directors who served during the year were:

N M Ankers
W A Carrier (resigned 6 February 2020)
M Garrido
N P Henry
P J Reid

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

N M Ankers
Director

Date: 29 October 2020

Britannia's Gold Limited

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of Britannia's Gold Limited

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the accounts of Britannia's Gold Limited for the year ended 31 October 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

It is your duty to ensure that Britannia's Gold Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of Britannia's Gold Limited. You consider that Britannia's Gold Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the accounts of Britannia's Gold Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of directors of Britannia's Gold Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the accounts of Britannia's Gold Limited and state those matters that we have agreed to state to the board of directors of Britannia's Gold Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Britannia's Gold Limited and its board of directors as a body for our work or for this report.

BDO LLP

London
United Kingdom

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Britannia's Gold Limited

Statement of Comprehensive Income For the Year Ended 31 October 2019

	Note	2019 £	2018 £
Administrative expenses		(197,476)	(831,497)
Operating loss		(197,476)	(831,497)
Interest payable and expenses		(37)	(436)
Loss before tax		(197,513)	(831,933)
Loss for the financial year		(197,513)	(831,933)

There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 7 to 15 form part of these financial statements.

Britannia's Gold Limited

Registered number:10413252

Statement of Financial Position As at 31 October 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	5	7,753,870	5,386,351
Tangible assets	6	20,250	27,000
Investments	7	500	-
		<u>7,774,620</u>	<u>5,413,351</u>
Current assets			
Debtors: amounts falling due within one year	8	33,475	1,169,938
Cash at bank and in hand	9	452,332	230,267
		<u>485,807</u>	<u>1,400,205</u>
Creditors: amounts falling due within one year	10	(839,395)	(101,627)
Net current (liabilities)/assets		<u>(353,588)</u>	<u>1,298,578</u>
Total assets less current liabilities		<u>7,421,032</u>	<u>6,711,929</u>
Net assets		<u>7,421,032</u>	<u>6,711,929</u>
Capital and reserves			
Called up share capital	11	16,000	15,088
Share premium account		8,686,961	7,781,257
Profit and loss account		(1,281,929)	(1,084,416)
		<u>7,421,032</u>	<u>6,711,929</u>

Britannia's Gold Limited

Registered number:10413252

Statement of Financial Position (continued) As at 31 October 2019

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 October 2020.

N M Ankers
Director

The notes on pages 7 to 15 form part of these financial statements.

Britannia's Gold Limited

Statement of Changes in Equity For the Year Ended 31 October 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 November 2017	4,862	4,765,230	(252,483)	4,517,609
Comprehensive income for the year				
Loss for the year	-	-	(831,933)	(831,933)
Shares issued during the year	10,226	3,016,027	-	3,026,253
At 1 November 2018	15,088	7,781,257	(1,084,416)	6,711,929
Comprehensive income for the year				
Loss for the year	-	-	(197,513)	(197,513)
Shares issued during the year	912	905,704	-	906,616
At 31 October 2019	16,000	8,686,961	(1,281,929)	7,421,032

The notes on pages 7 to 15 form part of these financial statements.

Britannia's Gold Limited

Notes to the Financial Statements For the Year Ended 31 October 2019

1. General information

Britannia's Gold Limited ("the Company") is a United Kingdom private limited company limited by shares. It is both incorporated and domiciled in England and Wales. The registered office address is The London Office, 85 Great Portland Street, First Floor, London, England, W1W 7LT.

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of the Company for the period year 31 October 2019 and are presented to the nearest pound.

The Company has determined that GBP is its functional currency, as this is the currency of the economic environment in which the Company predominantly operates.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The directors are currently seeking new investment in order to continue salvage operations in early 2021. A number of constructive discussions are ongoing.

It is still anticipated that all prior and current salvage costs will be recovered and together with further investment, this will enable the company to be able to trade through to a year after date of signing.

The directors of the Company are currently assessing the impact of COVID-19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the impact on the Company, its customers and suppliers. The directors are continually reviewing their plans and forecasts and the directors believe that the going concern basis is appropriate in the short term, however depending on the severity and length of the crisis there is a risk that the Company could require further funding or support. On this basis there is not considered to be a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern.

Britannia's Gold Limited

Notes to the Financial Statements For the Year Ended 31 October 2019

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

Britannia's Gold Limited

Notes to the Financial Statements For the Year Ended 31 October 2019

2. Accounting policies (continued)

2.8 Intangible assets

Exploration and evaluation costs

Exploration and evaluation costs include expenditure on prospects at an exploratory stage. These costs include the cost of acquisition, exploration, determination of recoverable reserves, economic feasibility studies and all technical and administrative overheads directly associated with those projects. A substantial proportion of these costs are carried forward in the balance sheet as intangible fixed assets.

Recoupment of capitalised exploration and evaluation costs is dependent upon successful development and commercial exploitation of each area of interest and are amortised over the expected commercial life of each area once production commences. The Company adopts the 'area of interest' method of accounting, whereby a substantial proportion of exploration and evaluation costs relating to an area of interest are capitalised and carried forward until abandoned. In the event that an area of interest is abandoned, or if the Directors consider the expenditure to be of no value, accumulated exploration costs are written off in the financial year in which the decision is made.

Impairment reviews are carried out regularly by the Directors of the Company. Where a project is abandoned or is considered not to be of commercial value to the Company, the related costs are written off or provisions are made.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Website	-	25%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Associates and joint ventures

Associates and Joint Ventures are held at cost less impairment.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Britannia's Gold Limited

Notes to the Financial Statements For the Year Ended 31 October 2019

2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an

Britannia's Gold Limited

Notes to the Financial Statements For the Year Ended 31 October 2019

2. Accounting policies (continued)

2.14 Financial instruments (continued)

intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Exploration and evaluation costs

Exploration and evaluation costs are capitalised in accordance with the accounting policy given above. Initial capitalisation of costs is based on management's judgement that the recognition criteria has been met for expenditure associated with finding specific mineral resources. Capitalised exploration and evaluation costs are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value.

4. Employees

The average monthly number of employees, including directors, during the year was 5 (2018 - 5).

5. Intangible assets

	Exploration and evaluation costs £
Cost	
At 1 November 2018	5,386,351
Additions	2,367,519
At 31 October 2019	<u>7,753,870</u>
Net book value	
At 31 October 2019	<u><u>7,753,870</u></u>

Britannia's Gold Limited

Notes to the Financial Statements For the Year Ended 31 October 2019

6. Tangible fixed assets

	Website £
Cost or valuation	
At 1 November 2018	36,000
At 31 October 2019	<u>36,000</u>
Depreciation	
At 1 November 2018	9,000
Charge for the year on owned assets	6,750
At 31 October 2019	<u>15,750</u>
Net book value	
At 31 October 2019	<u><u>20,250</u></u>
At 31 October 2018	<u><u>27,000</u></u>

7. Fixed asset investments

	Investment in joint ventures £
Cost or valuation	
Additions	500
At 31 October 2019	<u><u>500</u></u>

Participating interests

On 25 February 2019, the company invested in 50% of the share capital of Atlantic Subsea Ventures Limited, a company incorporated and registered in Gibraltar.

Britannia's Gold Limited

Notes to the Financial Statements For the Year Ended 31 October 2019

8. Debtors

	2019 £	2018 £
Trade debtors	-	1,853
Other debtors	25,593	30,847
Prepaid exploration costs (note 5)	-	1,100,000
VAT recoverable	7,882	37,238
	<u>33,475</u>	<u>1,169,938</u>

9. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>452,332</u>	<u>230,267</u>

10. Creditors: Amounts falling due within one year

	2019 £	2018 £
Loans	17,184	33,119
Trade creditors	5,115	43,567
Other taxation and social security	-	9,855
Other creditors (see below)	809,371	4,873
Accruals and deferred income	7,725	10,213
	<u>839,395</u>	<u>101,627</u>

Loans above relate to monies received from unrelated third parties, are unsecured and interest free.

Other creditors includes £804,832 received in advance of shares issued on 5 November 2019 and 22 January 2020.

Britannia's Gold Limited

Notes to the Financial Statements For the Year Ended 31 October 2019

11. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,000 (2018 - 1,000) Convertible preference shares of £1.00 each	1,000	1,000
15,000 (2018 - 14,088) Ordinary shares of £1.00 each	15,000	14,088
	<u>16,000</u>	<u>15,088</u>

On 30 November 2018, 12 £1 ordinary shares were issued with a premium of £999 per share. £11,988 has been added to a share premium reserve.

On 14 November 2018 and 15 March 2019 a total of £5,384 of share premium was refunded to investors.

On 15 August 2019, 900 £1 ordinary shares were issued with a premium of £999 per share in return for the provision of equipment and services. £900,000 has been added to intangible assets and £899,100 has been added to a share premium reserve (see note 12).

12. Share based payments

During the previous year, the Company entered into a share option agreement with a third party company ("the Optionholder"). Under this agreement, £900,000 of the consideration payable by the Company to the Optionholder, for the supply of equipment and services to the Company, shall be settled by granting to the Optionholder the right to subscribe for up to 900 Ordinary shares. The equipment and services were supplied to the Company during 2019 and therefore the option was exercised on 15 August 2019. An intangible asset and corresponding equity of £900,000 has been recognised in these financial statements.

13. Contingent liabilities

As at 31 December 2019 the company had entered into an agreement whereby they will owe £3.6m if certain conditions are fulfilled in relation to the recovery of a vessel.

14. Commitments under operating leases

At 31 October 2019 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2019 £	2018 £
Not later than 1 year	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

15. Related party transactions

Consultancy services were paid during the year to the two directors amounting to £77,397 (2018: £Nil).

Britannia's Gold Limited

Notes to the Financial Statements For the Year Ended 31 October 2019

16. Controlling party

As at 31 October 2019 there was deemed to be no ultimate controlling party.

Britannia's Gold Limited

Detailed profit and loss account For the Year Ended 31 October 2019

	Note	2019 £	2018 £
Less: overheads			
Administration expenses		(197,476)	(831,497)
Operating loss		<u>(197,476)</u>	<u>(831,497)</u>
Interest payable		(37)	(436)
Loss for the year		<u><u>(197,513)</u></u>	<u><u>(831,933)</u></u>

Britannia's Gold Limited

Schedule to the Detailed Accounts For the Year Ended 31 October 2019

	2019 £	2018 £
Administration expenses		
Directors salaries	-	57,500
Directors consultancy fees	71,097	-
Staff national insurance	-	2,610
Entertainment	4,636	3,394
Hotels, travel and subsistence	23,960	14,644
Printing and stationery	-	473
Postage	-	869
Telephone and fax	446	258
Computer costs	616	12,358
Advertising and promotion	3,000	26,200
Trade subscriptions	119	-
Legal and professional	27,177	144,700
Accountancy fees	22,041	122,207
Bank charges	1,271	2,315
Bad debts	-	19,885
Difference on foreign exchange	6,460	9,872
Sundry expenses	607	649
Rent	9,800	22,000
Depreciation	6,750	9,000
Comissions	19,380	380,041
Premises expenses	116	2,522
	<u>197,476</u>	<u>831,497</u>
	2019 £	2018 £
Interest payable		
Bank overdraft interest payable	37	436
	<u>37</u>	<u>436</u>