

ZincOx Resources (USA) Limited

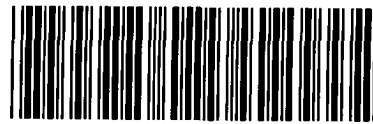
Financial Statements

For the Year Ended

31 December 2017

Company No: 05787260

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ZincOx Resources (USA) Limited
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for the Year Ended 31 December 2017

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**ZincOx Resources (USA) Limited
Company Information**

Company Registration No:	05787260
Registered Office:	Crown House High Street Hartley Wintney Hampshire RG27 8NW
Directors:	Andrew Woollett
Solicitors:	Eversheds One Wood Street London EC2V 7WS
Auditors:	Crowe U.K. LLP Statutory Auditor Aquis House 49-51 Blagrove Street Reading Berkshire RG1 1PL
Secretary:	Wynter Bee Consulting Limited

**ZincOx Resources (USA) Limited
Strategic Report and Directors' Report
for the Year Ended 31 December 2017**

The directors present the Strategic Report and their Directors' Report together with the audited financial statements for the year ended 31 December 2017.

Registration

ZincOx Resources (USA) Limited is a limited company registered in England and Wales with registered number 05787260.

Directors and their Interests

The present membership of the Board is set out below. The directors have no beneficial interest in the shares of the Company.

- Andrew Woollett

Directors' Responsibilities for the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 in the Company's financial statements, 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 to 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. The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- The directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the ZincOx Resources Ltd website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Principal Activity

The principal activity of the Company in the year under review was as a holding company of a trading group, currently holding ZincOx Resources Ltd's interests in the USA.

Business Review

The results for the year and financial position of the Company are as shown in the annexed financial statements. Given that the Company is no longer in operation, the directors hope to wind it up in the forthcoming year. There have been no events since the balance sheet date which materially affect the position of the Company.

Results and Dividends

The Company's loss for the year is \$nil (2016: \$1,541,000). The directors propose that no dividend will be paid for the year.

Financial Risk Management

The directors' financial risk management objective is to maximise financial assets and minimise financial liabilities whilst not engaging in speculation. There are no financial risks faced by the Company.

Auditors

Crowe U.K. LLP have signified their willingness to continue in office in accordance with Section 489 of the Companies Act 2006.

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

On behalf of the Board



Andrew Woollett, Director

17 September 2018

**Independent Auditor's Report
to the members of ZincOx Resources (USA) Limited**

Opinion

We have audited the financial statements of ZincOx Resources (USA) Limited for the year ended 31 December 2017 which comprise, the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Shareholders' 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 2017 and of its loss 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 of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 included in the annual report, other than the financial statements and our auditor's report 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on our work undertaken in the course of our audit

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report 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 Strategic Report or the Directors' Report.

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance

but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 auditor's report.

Use of our report

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



Richard Baker
Senior Statutory Auditor
for and on behalf of Crowe U.K. LLP
Statutory Auditor
Reading

17 September 2018

ZincOx Resources (USA) Limited
Profit and Loss Account
for the Year Ended 31 December 2017

	Notes	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Total operating expenses		-	(1,191)
Interest receivable		-	1,399
Interest payable		-	(1,749)
Loss before tax on ordinary activities	2	-	(1,541)
Tax on loss on ordinary activities		-	-
Loss after tax on ordinary activities		-	(1,541)

All transactions arise from discontinued operations.

ZincOx Resources (USA) Limited
Statement of Comprehensive Income
for the Year Ended 31 December 2017

	Notes	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Loss for the year		-	(1,541)
Other comprehensive income items that will be subsequently reclassified to profit or loss			
Capital contribution	2(d)	-	53,852
Total comprehensive income for the year		-	52,311

ZincOx Resources (USA) Limited
Balance Sheet
at 31 December 2017

	Notes	31 Dec 2017 \$'000	31 Dec 2016 \$'000
<hr/>			
Net Liabilities		-	-
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Capital & Reserves			
Called up share capital	7	-	-
Profit and loss account		-	-
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Shareholders' deficit		-	-
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Financial statements were approved by the directors on 17 September 2018



Andrew Woollett, Director

Company Registration No: 05787260

ZincOx Resources (USA) Limited
Statement of Changes in Shareholders' Equity
for the year ended 31 December 2017

	Share capital \$'000	Retained losses \$'000	Total equity \$'000
Balance at 1 January 2016	-	(52,311)	(52,311)
Loss for the year	-	(1,541)	(1,541)
Capital contribution	-	53,852	53,852
Total comprehensive income for the year	-	-	-
Balance at 31 December 2016	-	-	-
Loss for the year	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 31 December 2017	-	-	-

ZincOx Resources (USA) Limited
Notes to the Financial Statements
for the Year Ended 31 December 2017

1. General Information

ZincOx Resources (USA) Limited is a private limited company (registered number 05787260), which is incorporated in the UK. The address of the registered office is Crown House, High Street, Hartley Wintney, Hampshire, RG27 8NW.

2. Principal Accounting Policies

(a) Basis of Preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in US Dollars (\$).

The individual accounts of FRS 102 Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks

The Company is exempt from preparing consolidated financial statements on the grounds it is a wholly owned subsidiary of ZincOx Resources Ltd. The financial statements therefore present information about the Company as an individual undertaking and not about its group.

The principal accounting policies of the Company are set out below.

(b) Foreign Currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

The presentational currency of the Company is US Dollars. An exchange rate of 1.34912 (2016: 1.23016) has been used to convert Sterling to US Dollars at the Balance Sheet date. An average monthly exchange rate for the period of 1.28924 (2016: 1.36548) has been used to convert Sterling to US Dollars in the Profit and Loss Account.

(c) Investments

Investments are included at cost less provisions for impairment in value.

(d) Critical Accounting Estimates and Judgements

Following the decision made by the parent company to formally forgive its loan to the Company in 2016, there is currently no activity within the Company and, as such, no critical accounting estimates or judgements were applicable to the current years financial statements.

(e) Going Concern

With the Company now dormant, with no net assets, the directors may decide to liquidate the Company. The directors consider that there is no difference between the going concern basis and cessation basis, and therefore there are no adjustments to consider in the preparation of these financial statements.

3. Turnover and profit /(loss) on ordinary activities before taxation

The profit / (loss) on ordinary activities before taxation is attributable to the principal activity of the Company.

The Company's audit fees are borne by the parent company.

4. Directors and Employees

No director received any remuneration from the Company and there are no other employees of the Company.

5. Tax on loss on ordinary activities

	2017	2016
	\$'000	\$'000
The tax charge is based on the profit / (loss) for the year and represents:		
United Kingdom corporation tax: The Company is resident for corporation tax purposes in the UK.	-	-
Factors affecting current corporate tax charge for the year:		
Loss on ordinary activities multiplied by weighted standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	-	(308)
Effect of:		
Increase in unrecognised tax losses	-	308
Current tax charge for the year	-	-

6. Investments

	2017	2016
	\$'000	\$'000
Cost		
At 31 December 2016	8,400	8,400
At 31 December 2017	8,400	8,400
Impairment Provisions		
At 31 December 2016	8,400	8,400
At 31 December 2017	8,400	8,400
Net Book Value at 31 December 2017 and 2016	-	-

Information concerning the subsidiary is as follows:

Subsidiary	Country of Incorporation	Share of Investment	No of Shares	Details of Shares	Nature of Business	Date of Incorporation
ZincOx (USA) Recycling Inc	USA	100%	1,000	Ordinary	Holding	10 August 2007

7. Share Capital

	2017	2016
	\$'000	\$'000
Authorised, allotted, issued and fully paid 100 ordinary shares of £1 each	-	-

8. Reserves

Profit and loss account includes all current and prior period retained profits and losses.

9. Reconciliation of Movements in Shareholders' Funds

	2017	2016
	\$'000	\$'000
Loss for the financial year	-	(1,541)
Capital contribution	-	53,852
Shareholders' deficit at start of year	-	(52,311)
Shareholders' funds at end of year	-	-

10. Capital Commitments

The Company had no capital commitments at 31 December 2017 (2016: \$ nil).

11. Contingent Liabilities

There were no contingent liabilities at 31 December 2017 (2016: \$ nil).

12. Transactions with related parties

The Company has taken advantage of the exemption contained in FRS 102, Section 33.1A "Related Party Disclosures" not to disclose transactions with members of the group headed by ZincOx Resources Ltd on the grounds that 100% of the voting rights in the Company are controlled within the group and the Company is included in the consolidated financial statements.

13. Ultimate parent undertaking

The ultimate parent company of the largest and smallest group for which financial statements are prepared is ZincOx Resources Ltd. Copies of these financial statements can be obtained from Companies House.