

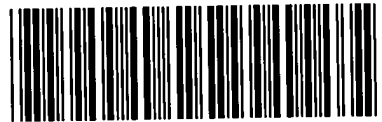
Registered number: 08058443

UK SEABED RESOURCES LIMITED

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

TUESDAY



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COMPANIES HOUSE

UK SEABED RESOURCES LIMITED

COMPANY INFORMATION

Directors	Christopher Williams Peter Ruddock Jennifer Warren
Registered number	08058443
Registered office	Lockheed Martin UK Limited Legal Counsel Building 7000 Langstone Technology Park Langstone Hampshire PO9 1SW
Independent auditors	Ernst & Young LLP Grosvenor House Grosvenor Square Southampton SO152BE
Bankers	Citibank Canada Square Canary Wharf London E14 5LB

UK SEABED RESOURCES LIMITED

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UK SEABED RESOURCES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Principal activity and review of business

The principal activity of the company is to hold licences from UK and International agencies for the purposes of underwater seabed exploration.

As the company exists to hold licenses which are utilised by its sister company, UK Seabed Resources Development Ltd, which is currently in an exploratory phase of its long term business plan, the company does not have any key performance indicators.

Principal risks and uncertainties

The principal risk is that the collection of polymetallic nodules from the seabed is either environmentally or commercially not viable. The company has been funded by Lockheed Martin UK Holdings Ltd, and is ultimately backed by the parent company Lockheed Martin Corporation that has provided the funding for this venture.

Future developments

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

COVID-19

The directors have assessed the impact of the COVID-19 pandemic on the Company and are of the opinion that there has been no material impact. The Company is a non-trading entity and has sufficient net assets and financial support from the Lockheed Martin Group to continue as a going concern for the foreseeable future.

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



C. Williams
(Director)

Date: 24 September 2020

UK SEABED RESOURCES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Results and dividends

The loss for the year amounted to £274,541 (2018: £191,664). The directors do not recommend a final dividend (2018: £nil).

Going concern

Whilst the company is not yet generating revenue, it is funded by way of capital investment from its parent undertaking Lockheed Martin UK Holdings Limited. This parent undertaking has provided assurances to the directors of the company that it will continue to support the company's activities for the foreseeable future.

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

In making this assessment, the directors have given sufficient consideration to the current external, social, political and economic environment. The implications of COVID-19 have been considered in arriving at this conclusion. This event does not alter the directors' assessment of the Company's ability to continue as a going concern as set out above.

Directors

The directors who served during the year were:

Christopher Williams
Peter Ruddock
Jennifer Warren

Directors' liabilities

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

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

UK SEABED RESOURCES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments 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 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.

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



C. Williams
(Director)

Date: 24 September 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UK SEABED RESOURCES LIMITED

Opinion

We have audited the financial statements of UK Seabed Resources Limited for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related Notes 1 to 12, 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 FRS 102 "The Financial Reporting Standard applicable in the UK" (United Kingdom Generally Accepted Accounting Practice). In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 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 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 Auditor's responsibilities for the audit of the financial statements section of our report below. 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.

Emphasis of matter – Effects of COVID-19

We draw your attention to Note 1.3 and Note 11 of the financial statements, which describe the economic and social impacts the Company is facing as a result of the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UK SEABED RESOURCES LIMITED

Other information

The other information comprises the information included in the Report and Financial Statements 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 this report, we do not express any form of assurance conclusion thereon. The directors are responsible for the other information.

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 the 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 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 directors' report have 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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UK SEABED RESOURCES LIMITED

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 <https://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.

Ernst & Young UK

David Marshall (Senior statutory auditor)
for and on behalf of Ernst & Young, Statutory Auditor
Southampton
Date: 25/9/2020

UK SEABED RESOURCES LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Administrative expenses		(274,541)	(191,664)
Operating loss before tax	2	(274,541)	(191,664)
Taxation	4	-	-
Loss for the financial year		<u>(274,541)</u>	<u>(191,664)</u>

UK SEABED RESOURCES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Loss for the financial year		(274,541)	(191,664)
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>(274,541)</u></u>	<u><u>(191,664)</u></u>

UK SEABED RESOURCES LIMITED
REGISTERED NUMBER: 08058443

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Investments	5	-	-
Intangible assets	6	-	-
		-	-
Current assets			
Debtors: amounts falling due within one year	7	-	18,530
Cash at bank and in hand		303,821	471,675
		303,821	490,205
Creditors: amounts falling due within one year	8	(193,104)	(104,947)
Net current assets		110,717	385,258
Total assets less current liabilities		110,717	385,258
Net assets		<u>110,717</u>	<u>385,258</u>
Capital and reserves			
Called up share capital	9	2,150,000	2,150,000
Profit and loss account		(2,039,283)	(1,764,742)
		<u>110,717</u>	<u>385,258</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



C. Williams
(Director)

Date: 24 September 2020

UK SEABED RESOURCES LIMITED

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

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	1,850,000	(1,573,078)	276,922
Loss for the year	-	(191,664)	(191,664)
Total comprehensive income for the year	-	(191,664)	(191,664)
Shares issued during the year	300,000	-	300,000
Issue of shares	300,000	-	300,000
At 1 January 2019	2,150,000	(1,764,742)	385,258
Loss for the year	-	(274,541)	(274,541)
Total transactions with owners	-	-	-
At 31 December 2019	<u>2,150,000</u>	<u>(2,039,283)</u>	<u>110,717</u>

UK SEABED RESOURCES LIMITED

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

1. Accounting policies

1.1 Basis of preparation

UK Seabed Resources Limited is a limited liability company incorporated in England. The Registered Office address is Lockheed Martin UK Limited, Legal Counsel Building 7000, Langstone Technology Park, Langstone, Havant, Hampshire, PO9 1SW.

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

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

1.2 Group financial statements

The company has utilised the exemption available under section 401 of the Companies Act 2006, as a wholly owned subsidiary undertaking whose ultimate parent undertaking has prepared applicable group financial statements which include the company and its subsidiary and joint venture undertakings. Accordingly, these financial statements present information about the company as an individual undertaking and not about its group.

The company has utilised the exemption under FRS 102 section 1.12 as a subsidiary undertaking whose ultimate parent undertaking prepares consolidated group financial statements that are publicly available, and has adopted the following disclosure exemptions:

- The requirement to present a statement of cash flows and related notes;
- Financial instrument disclosures and hedge accounting disclosures;
- Share based payment arrangements; and
- Key management personnel compensation.

1.3 Going concern

Whilst the company is not yet generating revenue, it is funded by way of capital investment from its parent undertaking Lockheed Martin UK Holdings Limited. This parent undertaking has provided assurances to the directors of the company that it will continue to support the company's activities for the foreseeable future.

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

In making this assessment, the directors have given sufficient consideration to the current external, social, political and economic environment. The implications of COVID-19 have been considered in arriving at this conclusion. This event does not alter the directors' assessment of the Company's ability to continue as a going concern as set out above.

1.4 Valuation of investments and joint ventures

Investments in subsidiaries and joint ventures are measured at cost less accumulated impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Accounting policies (continued)

1.5 Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except:

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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

1.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

1.7 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 the Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Income statement within 'other operating income'.

UK SEABED RESOURCES LIMITED

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

2. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Auditors remuneration - audit services	10,800	10,800
Exchange differences	<u>(397)</u>	<u>-</u>

3. Directors' remuneration

	2019 £	2018 £
Remuneration	<u>121,258</u>	<u>158,886</u>

Director's remuneration above is paid and borne by a fellow subsidiary undertaking of Lockheed Martin Corporation. Two directors were eligible and one was a member of the company pension scheme during the year (2018 – Two directors were eligible and one was a member).

4. Taxation

	2019 £	2018 £
Total current tax	-	-
Total deferred tax	-	-
Tax charge	<u>-</u>	<u>-</u>

UK SEABED RESOURCES LIMITED

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

4. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(274,541)</u>	<u>(191,664)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(52,163)	(36,416)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	865	3,804
Unrelieved tax losses carried forward	35,529	32,612
Unrelieved loss on foreign subsidiaries	15,769	-
Total tax charge for the year	<u>-</u>	<u>-</u>

There is a non-recognised deferred tax asset in respect of losses carried forward of £336,609 (2018: £290,711)

UK SEABED RESOURCES LIMITED

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

5. Fixed asset investments

	Investment in joint ventures £
Cost or valuation	
At 1 January 2019	631,972
Additions	92,759
At 31 December 2019	<u>724,731</u>
Impairment	
At 1 January 2019	631,972
Charge for the period	92,759
At 31 December 2019	<u>724,731</u>
Net book value	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

In 2013 UK Seabed Resources Ltd purchased a 19.9% holding in a Singapore based company, Ocean Mineral Singapore Pte. Ltd. The company's share in this joint venture remains at 19.9%. In January 2019 the company subscribed to an additional 1,194,000 of ordinary \$0.10 shares in Ocean Mineral Singapore Pte Ltd for consideration of \$119,400.

A further impairment charge has been made in 2019 to reduce the carrying value of the investment to nil to reflect the negative equity position of the joint venture at the balance sheet date, as no revenue or future income arising from future operations has yet been forecast with sufficient levels of certainty.

6. Intangible assets

Exploration licenses are amortised over the shorter of the term of the license and their expected useful economic lives. All licenses recorded as at 31 December 2019 have a license term of 9 years. A full impairment charge was made in 2013 as no revenue arising from the licences have yet been agreed or forecast with sufficient levels of certainty.

UK SEABED RESOURCES LIMITED

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

7. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	-	18,530
	<u>-</u>	<u>18,530</u>

8. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	15,927	-
Amounts owed to group undertakings	54,100	-
Other creditors	9,902	-
Accruals and deferred income	113,175	104,947
	<u>193,104</u>	<u>104,947</u>

9. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2,150,000 (2018 - 2,150,000) Ordinary shares of £1.00 each	<u>2,150,000</u>	<u>2,150,000</u>

10. Related party transactions

The Company has utilised the exemption under FRS 102 as a subsidiary undertaking not to disclose transactions with other entities that are wholly owned parts of, or investors of, the Lockheed Martin Corporation group.

There were no other related party transactions.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

11. Post balance sheet events

The COVID-19 pandemic has been assessed as a non-adjusting post balance sheet event and has no impact of the conditions or the measurement of assets and liabilities in the accounts at the balance sheet date.

Detailed impact assessments and scenario planning was undertaken and has taken into account various factors including: financial, commercial supply chain, regulatory, operational and employee related considerations. At the current time, it is not considered that the implications of the COVID-19 pandemic will have a material degradation in any of these areas, now or in the foreseeable future, and the situation will be evaluated as it continues to develop.

Further detail of the assessment performed is set out in the strategic report on page 1 and note 1 of the accounting policies on page 11.

12. Ultimate parent undertaking and controlling party

The directors regard Lockheed Martin Corporation, a company registered in the USA, as the ultimate parent undertaking and controlling party. Copies of the ultimate parent's group financial statements may be obtained from Lockheed Martin Investor Department, 6801 Rockledge Drive, Bethesda, Maryland, 28017, USA. Lockheed Martin Corporation is the parent undertaking of the largest and smallest Group of undertakings for which group financial statements are drawn up and of which the company is a member. The company's immediate parent undertaking is Lockheed Martin UK Holdings Limited. Copies of the financial statements of this company may be obtained from its registered office, Lockheed Martin UK Limited, Legal Counsel Building 7000, Langstone Technology Park, Langstone, Havant, Hampshire, PO9 1SW.