

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022
FOR
GERRARDS (PRECIOUS METALS) LIMITED**

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FOR THE YEAR ENDED 28 FEBRUARY 2022**

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GERRARDS (PRECIOUS METALS) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 28 FEBRUARY 2022**

DIRECTORS:

L M Collins
S R Collins
J S Collins

SECRETARY:

S R Collins

REGISTERED OFFICE:

63-66 Hatton Garden
LONDON
EC1N 8LE

REGISTERED NUMBER:

01528315 (England and Wales)

AUDITORS:

KBSP Partners LLP
Chartered Accountants
Statutory Auditors
Harben House
Harben Parade
Finchley Road
LONDON
NW3 6LH

**STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2022**

The directors present their strategic report for the year ended 28 February 2022.

PRINCIPAL ACTIVITY

The principal activities of the company in the year under review remained those of buying, selling, refining, manufacturing, processing, melting and assaying of precious metals.

REVIEW OF BUSINESS

The company performed relatively well during the year ended 28 February 2022 in spite of not being able to operate fully for seven months of the year. It continues to operate in a difficult environment for the precious metals industry in a year combined with an extremely competitive market place. Overall turnover increased in 2022 to £51.9 million (2021: £47.7 million), the gross profit at £1.78 million has decreased its margin from 8.0% last year to 3.42% this year, which was mainly driven by lower profit margin sales of precious metals. Administration expenses have decreased by £2.3 million which is mainly attributed to decreased directors salaries.

Trade debtors have increased by £2.1 million from £4 million last year to £6.1 million this year, which is mainly owed by one large client and the balance outstanding is secured against stock the company is holding on behalf of the client.

The company's year-end cash and bank balances have decreased by £1.4 million over the year to £3.9 million, which is mainly an increase in overall debtors.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks associated with the company include fluctuations in metal prices while the other risks faced by the company include credit, liquidity and foreign currency and interest rate risks. The company adopts suitable strategies to ensure that each risk is effectively mitigated, as explained below:

Market price risk

Market price risk arises mainly from uncertainty about future prices of precious metals traded by the company. It represents the potential loss the company might suffer through price fixing in the face of the metal price movements. The directors constantly monitor the price of all the metals traded by the company on a real-time basis, which makes sure that the company is exposed to a minimum market price risk.

Credit risk

The management monitor credit risk closely and consider that its current policies and procedures meets its objectives of managing exposure to credit risk. All the customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary. The company has no significant concentrations of credit risk.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk

Foreign currency risk arises from trading with overseas companies, but since all of the company's transactions are mainly receivable or payable in sterling, US dollar and Swiss Franc, the company is not exposed to any material currency risk.

Interest rate risk

Interest rate risk arises in respect of the company's bank loans and overdrafts. As at 28 February 2022, the directors do not consider that the company's trading performance is likely to be materially affected by the interest rate fluctuations within the next twelve months.

**STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2022**

FINANCIAL KEY PERFORMANCE INDICATORS

The key financial highlights are as follows:

	2022	2021
	£	£
Turnover	51,957,583	47,788,121
Gross profit	1,780,978	3,823,794
Profit before taxation	673,847	504,209
Stocks	435,413	933,622
Trade debtors	6,137,035	3,990,793
Shareholder funds	2,488,416	1,814,569
Employees	9	10

STRATEGY AND OBJECTIVES

The company is committed to strengthening its balance sheet, which it will achieve by trading profitably and reinvesting retained profits into the business to generate future growth.

Across the business, the directors continue to look for opportunities and new ideas in the United Kingdom, Europe, United States of America, Africa and the Far East and will continue these efforts in the year ahead. The company is also seeking to expand its trade with new and existing customers and to participate in new markets within the precious metals industry. The company is constantly reviewing its financial controls and expenditure.

FUTURE PROSPECTS

At the date of signing this report, the future prospects of the company are encouraging despite some hangover from the Covid-19 pandemic and the uncertainty caused by the war in Ukraine. Fortunately, bullion sales have held up well, online business and client base is still increasing and we consider it reasonable to expect this area of business to continue to expand in the future. Gross profit is currently ahead of the corresponding period of the financial year 2022 but for the current economic uncertainty it would be difficult to judge precisely how good the results for this financial year will be when compared against last year. The business has continued to benefit from becoming members of the London Bullion Market Association and the London Platinum and Palladium Market.

ON BEHALF OF THE BOARD:

S R Collins - Director

16 November 2022

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

The directors present their report with the financial statements of the company for the year ended 28 February 2022.

DIVIDENDS

No dividends will be distributed for the year ended 28 February 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 March 2021 to the date of this report.

L M Collins

S R Collins

J S Collins

FINANCIAL INSTRUMENTS AND TREASURY OPERATIONS

The company's principal financial instruments for the purpose of financing include bank overdrafts, loans and other metal borrowings while other financial assets and liabilities arising directly from operations include trade debtors and creditors. The company does not usually use derivatives financial instruments to hedge risk as they are not deemed significant. The policies of the company in relation to the use of financial instruments are included in the note 3.13 to the accounts.

The company operates a treasury function which is responsible for managing the liquidity, interest and foreign currency risks associated with the company's activities. The risk management objectives are included in the strategic report on page 2.

INDEMNITY INSURANCE

The Company has taken out third party indemnity insurance on behalf of its directors.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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), 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 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.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

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.

ON BEHALF OF THE BOARD:

S R Collins - Director

16 November 2022

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GERRARDS (PRECIOUS METALS) LIMITED

Opinion

We have audited the financial statements of Gerrards (Precious Metals) Limited (the 'company') for the year ended 28 February 2022 which comprise the Profit and Loss account, 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 28 February 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
GERRARDS (PRECIOUS METALS) LIMITED**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GERRARDS (PRECIOUS METALS) LIMITED

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Discussions with and enquiries of those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the company. Our approach to identifying and assessing the risk of material misstatement in respect of irregularities, including fraud is detailed below:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

- We have identified the laws and regulations applicable to the company through discussions with directors and from our commercial knowledge and experience of relevant sector. The following laws and regulations as being of significance to the company:

- (i) Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting standards, Company Law, Employment Law, Tax and Pensions legislation, and distributable profits legislation.

- (ii) Those laws and regulations for which non-compliance may be fundamental to the operating aspects of the business and therefore may have a material effect on the financial statements include financial and due diligent regulation, the global precious metals trading code, money laundering regulations, landlord and tenant Act and health and safety legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of:

- (i) enquiries of those charged with governance as to whether the company complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims;

- (ii) to address the risk of fraud through management bias and override of control, we test the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the company's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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.

Julian Landau (Senior Statutory Auditor)
for and on behalf of KBSP Partners LLP
Chartered Accountants
Statutory Auditors
Harben House
Harben Parade
Finchley Road
LONDON
NW3 6LH

16 November 2022

GERRARDS (PRECIOUS METALS) LIMITED (REGISTERED NUMBER: 01528315)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Notes	2022 £	2021 £
TURNOVER	4	51,957,583	47,788,121
Cost of sales		50,176,605	43,964,327
GROSS PROFIT		1,780,978	3,823,794
Administrative expenses		1,138,896	3,454,656
		642,082	369,138
Other operating income	5	109,127	179,059
OPERATING PROFIT	7	751,209	548,197
Interest receivable and similar income	8	-	11,911
		751,209	560,108
Interest payable and similar expenses	9	77,362	55,899
PROFIT BEFORE TAXATION		673,847	504,209
Tax on profit	10	-	-
PROFIT FOR THE FINANCIAL YEAR		673,847	504,209

The notes form part of these financial statements

GERRARDS (PRECIOUS METALS) LIMITED (REGISTERED NUMBER: 01528315)

**BALANCE SHEET
28 FEBRUARY 2022**

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	11		27,724		32,844
Investment property	12		710,000		<u>710,000</u>
			737,724		<u>742,844</u>
CURRENT ASSETS					
Stocks	13	435,413		933,622	
Debtors	14	6,235,753		4,264,075	
Cash at bank and in hand		3,969,933		<u>5,429,850</u>	
		10,641,099		<u>10,627,547</u>	
CREDITORS					
Amounts falling due within one year	15	8,843,780		<u>9,509,195</u>	
NET CURRENT ASSETS			1,797,319		<u>1,118,352</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,535,043		1,861,196
PROVISIONS FOR LIABILITIES	16		46,627		<u>46,627</u>
NET ASSETS			2,488,416		<u>1,814,569</u>
CAPITAL AND RESERVES					
Called up share capital	17		1,000		1,000
Non-distributable fair value reserve	18		454,408		454,408
Retained earnings	18		2,033,008		<u>1,359,161</u>
SHAREHOLDERS' FUNDS			2,488,416		<u>1,814,569</u>

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 16 November 2022 and were signed on its behalf by:

S R Collins - Director

GERRARDS (PRECIOUS METALS) LIMITED (REGISTERED NUMBER: 01528315)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Called up share capital £	Retained earnings £	Non-distributable fair value reserve £	Total equity £
Balance at 1 March 2020	1,000	854,952	454,408	1,310,360
Changes in equity				
Total comprehensive income	-	504,209	-	504,209
Balance at 28 February 2021	1,000	1,359,161	454,408	1,814,569
Changes in equity				
Total comprehensive income	-	673,847	-	673,847
Balance at 28 February 2022	1,000	2,033,008	454,408	2,488,416

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

1. STATUTORY INFORMATION

Gerrards (Precious Metals) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

Gerrards (Precious Metals) Limited specialises in buying, selling, refining, manufacturing, processing, melting and assaying precious metals such as Gold, Silver, Platinum, Palladium and Rhodium. Revenue is derived from the subsequent sale of precious metal in various forms.

2. STATEMENT OF COMPLIANCE

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" and the Companies Act 2006. Under the Companies Act 2006, Section 454, on a voluntary basis, the directors can amend the financial statements if they subsequently prove to be defective.

3. ACCOUNTING POLICIES

3.1 Basis of preparing the financial statements

The financial statements have been prepared on the historical cost basis, except for the revaluation of investment properties that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of consideration given in exchange for the goods and services.

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 in note 3.4.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirement of paragraph 33.7.

3.2 Going concern

The company meets its day-to-day working capital requirements through careful management of working capital positions. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate without any third party support. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

3.3 Consolidated financial statements

The company is a wholly owned subsidiary of The Lawrence Group Limited ("TLG") and its annual results are included in the consolidated financial statements of TLG which are publicly available at <https://beta.companieshouse.gov.uk>.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2022**

3. ACCOUNTING POLICIES - continued

3.4 Significant judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i) Critical judgement in applying the entity's accounting policies

(a) Stock valuation basis

As described in note 3.9, the company values stock of precious metals at the lower of cost and estimated selling price less costs to complete and sell. This policy is in accordance with FRS 102, paragraph 13.4 and given the nature of stock, mainly represents the stock being generally valued in accordance with source value from which the precious metal is obtained.

(b) Revenue recognition and financial instruments

The company adopts the revenue recognition and financial instruments policies as noted in notes 3.5 and 3.13, and the company does not regard any of its transactions as falling within the scope of section 12 of FRS 102 'Other Financial Instrument Issues'. In particular paragraph 12.5 of this section does not apply. As a result, except where the company's stated policies themselves would result in the netting off of sales and cost of sales, the gross value of sales and purchase transactions are recorded within turnover and cost of sales respectively in these financial statements. The directors believe that this approach is the most appropriate in the company's circumstances, is in accordance with prevailing generally accepted accounting practice and adopting such a policy helps to maintain a consistent understanding for typical users of these accounts.

ii) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for net carrying value of tangible fixed assets.

(b) Investment properties

Fair value of investment properties are estimated annually either internally or externally, based on the properties' highest-and-best-use, to determine the most appropriate open market valuation. See note 12 for net carrying value of investment properties.

(c) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors.

(d) Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2022**

3. ACCOUNTING POLICIES - continued

3.5 Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- i) the company has transferred the significant risks and rewards of ownership to the buyer;
- ii) the amount of revenue can be measured reliably;
- iii) it is probable that the company will receive the consideration due under the transaction;
- iv) the costs incurred or to be incurred in respect of the transaction can be measured reliably;
- v) when any other specific criteria relating to each of the company's sales types have been met, as described below.

a) Sale of goods - wholesale

All of the company's significant sources of revenue derive from the sale of precious metal to its customers. Due to the nature of the industry in which the company operates, the contractual arrangements surrounding certain transactions can be complex. The key elements of these contractual arrangements, which are necessary for an understanding of these financial statements, are explained in more detail below. However, unless as separately described below, the key revenue recognition criteria above shall apply to all transactions.

Similarly, the industry in which the company operates gives rise to significant additional commercial activity associated with the commodities and products that the company sells, for example, bullion brokerage, arbitrage and investment. The company does not participate in such. All of the company's sales derive from metal owned by the company. The company does not seek to earn any revenue from movements in the price of the underlying commodity. The company's stock and trading positions are balanced accordingly to avoid such price exposure.

Sales are made on either an allocated or unallocated basis.

Allocated metal sales

Allocated metal sales involve the physical transfer of specific metal bars and/or coins to a customer or to be set aside and held on behalf of a customer, such metal being uniquely and separately identifiable as belonging to the customer.

Unallocated metal sales

Unallocated metal sales are the sales in which there is often no immediate requirement or desire to transfer the physical metal to the customer, or for such metal to be separately identifiable. Given the nature of the commodity, selling on an unallocated basis is common. Unallocated metal account holders have a contractual entitlement to the metal sold to them.

b) Sale of goods - retail

The company also operates a retail operation for the sale of precious metals and certain related products. Sales of precious metals are recognised on sale to the customers when the key revenue recognition criteria has been met.

3.6 Cost of Sales

Cost of sales represents amounts payable for the purchase of various precious metals and related products. Cost of sales are recognised on the trade date of a transaction.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2022**

3. ACCOUNTING POLICIES - continued

3.7 Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures, fittings & equipment	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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 within the profit and loss account.

3.8 Investment property

In accordance with Section 16 of Investment Properties of FRS 102, investment properties are measured at cost at initial recognition. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure such as legal, property transfer taxes and other transactions costs.

All investment properties are revalued annually. Any surplus or deficit on revaluation is transferred to the fair value revaluation reserve, except that deficits below original cost, which are expected to be permanent, are charged to the profit and loss account.

Investment property whose fair value can be measured reliably without undue costs or effect have been measured at fair value at each reporting date with changes in fair value recognised in profit and loss account.

3.9 Stocks

Stocks consist of precious metals held by the company and are valued at the lower of cost and estimated selling price less costs to complete and sell. This policy is in accordance with FRS 102, paragraph 13.4 and given the nature of stock, mainly represents the stock being generally valued in accordance with source value from which the precious metal is obtained. All precious metal which has been purchased and committed to future sales to customers or hedged in metal markets is valued at the price at which it is currently contractually committed or hedged, any remaining metals are valued at year end closing values as published by the London Bullion Market Association (LBMA), an internationally recognised pricing mechanism. Such prices are based on the 'fine' metal benchmark for each type of precious metal, which is similarly internationally recognised. As stocks of precious metals are held in various forms, only the fine metal content is included in stock valuation, all other metal content is ignored as such values would be wholly immaterial.

Post year end diminution in value will only be considered as an indicator of impairment of precious metal stocks to the extent that total precious metal stocks exceed total precious metal liabilities at the Balance Sheet date. In other words, impairment is only considered to the extent the company has a net precious metal stock exposure.

3.10 Taxation

Taxation for the year comprises corporation tax and deferred tax. Tax is recognised in the Profit and Loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Corporation tax or deferred taxation assets and liabilities are not discounted.

Corporation tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2022**

3. ACCOUNTING POLICIES - continued

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.

3.11 Foreign currencies

(i) Functional and presentational currency

The company's functional and presentational currency is Pound Sterling for all years presented.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using spot exchange rates at the date of 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 average exchange rates at the date of transactions, 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 profit and loss account.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2022**

3. ACCOUNTING POLICIES - continued

3.12 Operating lease commitments

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

3.13 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where a transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit and loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payable, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at present value of the future receipts discounted a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2022**

3. ACCOUNTING POLICIES - continued

3.14 Cash and cash equivalents

Cash includes cash in hand, deposits held with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.15 Employee benefits

The company provides a range of benefits to its directors and eligible employees as explained below:

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii) Defined contribution pension plans

The company makes contributions to the personal pension plans of its directors and employees. Once the contributions have been paid, the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plans are held separately from the company in independently administered funds.

3.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3.17 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

3.18 Finance costs

Finance costs, which include interest and bank charges, are recognised in the profit and loss account in the period in which they are incurred.

3.19 Provision for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

3.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as deduction, net of tax, from the proceeds.

3.21 Government grants

During the Coronavirus pandemic, the company utilised the government support scheme Coronavirus Job Retention Scheme (CJRS). Income under these schemes are classified as government grants and accounted for on an accruals basis, and recognised in the profit and loss account in the period in which the associated costs for which grants are intended to compensate are incurred. The grants income are reported as "Other operating income" in the profit and loss account.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

In the opinion of the directors, the disclosure of revenue by geographical area would be seriously prejudicial to the interests of the company.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2022

5. OTHER OPERATING INCOME

	2022	2021
	£	£
Rents received	50,254	40,952
Government grants	58,873	138,107
	<u>109,127</u>	<u>179,059</u>

6. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	604,898	2,603,615
Social security costs	73,111	352,565
Other pension costs	3,975	44,801
	<u>681,984</u>	<u>3,000,981</u>

The average number of employees during the year was as follows:

	2022	2021
Directors	2	2
Sales	7	8
	<u>9</u>	<u>10</u>

	2022	2021
	£	£
Directors' remuneration	<u>414,451</u>	<u>2,187,336</u>

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	<u>209,187</u>	<u>1,096,389</u>

Key management compensation is the same as directors' remuneration.

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Other operating leases	12,121	9,250
Depreciation - owned assets	6,392	9,089
Profit on disposal of fixed assets	(2,951)	-
Audit fees	<u>14,000</u>	<u>12,000</u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£	£
Deposit account interest	<u>-</u>	<u>11,911</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2022

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Loan interest	<u>77,362</u>	<u>55,899</u>

10. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 28 February 2022 nor for the year ended 28 February 2021.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022	2021
	£	£
Profit before tax	<u>673,847</u>	<u>504,209</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	128,031	95,800
Effects of:		
Income not taxable for tax purposes	(560)	-
Depreciation in excess of capital allowances	90	675
Group relief	(127,561)	(96,475)
Total tax charge	<u>-</u>	<u>-</u>

11. TANGIBLE FIXED ASSETS

	Fixtures, fittings & equipment £	Motor vehicles £	Totals £
COST			
At 1 March 2021	155,105	23,500	178,605
Additions	1,996	-	1,996
Disposals	(3,675)	-	(3,675)
At 28 February 2022	<u>153,426</u>	<u>23,500</u>	<u>176,926</u>
DEPRECIATION			
At 1 March 2021	137,316	8,445	145,761
Charge for year	2,628	3,764	6,392
Eliminated on disposal	(2,951)	-	(2,951)
At 28 February 2022	<u>136,993</u>	<u>12,209</u>	<u>149,202</u>
NET BOOK VALUE			
At 28 February 2022	<u>16,433</u>	<u>11,291</u>	<u>27,724</u>
At 28 February 2021	<u>17,789</u>	<u>15,055</u>	<u>32,844</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2022

12. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1 March 2021	
and 28 February 2022	710,000
NET BOOK VALUE	
At 28 February 2022	710,000
At 28 February 2021	<u>710,000</u>
Fair value at 28 February 2022 is represented by:	
	£
Valuation in 2019	165,000
Valuation in 2016	84,000
Valuation in 2009	161,000
Valuation in 2001	91,035
Cost	208,965
	<u>710,000</u>

Investment properties are carried at fair values as at the balance sheet date, as determined by the directors. These valuations are made annually based on the properties' highest-and-best-use using the Direct Market Comparison Method which also involves the directors taking advice of relevant commercial and residential property agents, where applicable, in determining the correct open market valuation.

Investment properties are leased to non-related parties under operating leases.

13. STOCKS

	2022 £	2021 £
Finished goods	<u>435,413</u>	<u>933,622</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	6,137,035	3,990,793
Other debtors	6,750	61,750
VAT	-	86,777
Prepayments and accrued income	<u>91,968</u>	<u>124,755</u>
	<u>6,235,753</u>	<u>4,264,075</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	146,174	130,853
VAT	1,145,830	-
Other creditors	74,584	263,692
Amounts owed to group undertakings	7,208,630	8,861,627
Accrued expenses	<u>268,562</u>	<u>253,023</u>
	<u>8,843,780</u>	<u>9,509,195</u>

Amounts owed to group undertakings are unsecured, repayable on demand and interest free.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2022

16. PROVISIONS FOR LIABILITIES

	2022 £	2021 £
Deferred tax	<u>46,627</u>	<u>46,627</u>
		Deferred tax
		£
Balance at 1 March 2021		<u>46,627</u>
Balance at 28 February 2022		<u>46,627</u>

Deferred tax provision relates to revaluation of investment properties.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:
Number: Class:

	Nominal value:	2022 £	2021 £
650 'A' Ordinary	£1	650	650
350 'B' Ordinary	£1	<u>350</u>	<u>350</u>
		<u>1,000</u>	<u>1,000</u>

These shares have equal voting rights, equal rights to dividends and equal rights on a winding up. These shares are not redeemable.

18. RESERVES

	Retained earnings £	Non-distributable fair value reserve £	Totals £
At 1 March 2021	1,359,161	454,408	1,813,569
Profit for the year	<u>673,847</u>	-	<u>673,847</u>
At 28 February 2022	<u>2,033,008</u>	<u>454,408</u>	<u>2,487,416</u>

Retained earnings

The retained earnings represents cumulative distributable profits and losses net of dividends and other adjustments.

Non-distributable fair value reserve

The non-distributable fair value reserve represents cumulative unrealised gains on revaluation of investment properties less any relevant deferred tax.

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company is The Lawrence Group Limited, a company registered in England and Wales, and controlled throughout the current and previous periods by L M Collins and Mrs J Collins who are the trustees of the various trusts that control 74% of its issued share capital.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 28 FEBRUARY 2022**

20. CONTINGENT LIABILITIES

There is an omnibus guarantee and letter of set-off agreement between the group companies and Lloyds Bank Plc, in respect of group overdrafts, which at 28 February 2022 amounted to £2,944 (2021: £5,442).

21. OTHER COMMITMENTS

The total net value of various metals which the group has contractually committed to deliver to the customers and acquire from the suppliers as at 28 February 2022 is £5,298,156 (2021: £3,319,274). Please find below the detailed breakdown for each of the metals committed:

As at the 28 February 2022, the group was committed to deliver 3,100 (2021: 1,550) ounces of gold valued at £4,403,018 (2021: £1,917,473), 1,898 (2021: 37,843) ounces of silver valued at £34,544 (2021: £716,271), 422 (2021: 382) ounces of palladium valued at £784,193 (2021: £635,473) and 98 (2021:59) ounces of Platinum valued at £76,401 (2021: £50,056).

22. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

All amounts due from/(to) related parties are unsecured, repayable on demand and interest free.

Other related parties

	2022	2021
	£	£
Remuneration paid to directors' close family members	<u>70,150</u>	<u>275,000</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.