

**THE LONDON BULLION MARKET ASSOCIATION**

**(a company limited by guarantee)**

**Company No. 2205480**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31ST DECEMBER 2000**



# **The London Bullion Market Association**

## **Contents**

	<b>Page</b>
Report of the members of the Committee	1
Statement of responsibilities of the Committee members	2
Auditors' report	2
Profit and loss account	3
Balance sheet	4
Cash flow statement	5
Notes	6 - 8

# **The London Bullion Market Association**

## **Report of the Directors**

The members of the Committee, who constitute the Directors of the company for Companies Act purposes, have pleasure in submitting their twelfth report, together with the financial statements for the year ended 31st December 2000.

### **Principal activities**

The principal activity of the Association is the promotion of commerce relating to the London Bullion Market through the provision of a forum for discussion on matters of mutual interest as well as dissemination of information amongst the membership.

### **Results**

The results of the Association for the year ended 31st December 2000 are set out in the profit and loss account on page 3.

### **Charitable contributions**

The association donated £976 (1999 - £nil) for charitable purposes. A sum of £15,000 (1999 - £13,600) was donated to the Imperial College (1999 Camborne School of Mines) as a bursary.

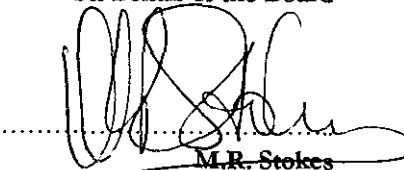
### **Members of the Committee**

M.R. Stokes	(Chairman)
S.M. Weeks	(Vice - Chairman)
J. Charles (resigned 21st June 2000)	
N.A. Clift (resigned 21st June 2000)	
J. Fairley (resigned 21st June 2000)	
C.A. Griffith	
R. McIntire	
S. Murray	(Company Secretary)
K. A. Crisp (appointed 21st June 2000)	
C. P. Turner (appointed 21st June 2000)	
J. F. R. Coley (appointed 21st June 2000)	
N. E. Frappell (appointed 21st June 2000)	

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Kingston Smith auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On Behalf of the Board



M.R. Stokes  
Chairman

Date: 2nd May 2001

# **The London Bullion Market Association**

## **Statement of Responsibilities of the Committee Members and Report of the Auditors**

The rules of the Association require the members of the Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements, the Committee members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee members are responsible for keeping proper books of account with respect to the Association's transactions and its assets and liabilities as necessary to give a true and fair view of the state of affairs of the Association. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors' Report to the Members of The London Bullion Market Association**

We have audited the financial statements on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

#### **Respective Responsibilities and Directors**

As described above, the Association's Committee members are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

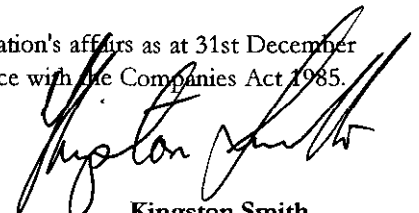
#### **Basis of Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Committee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Association's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Association's affairs as at 31st December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Kingston Smith**  
Chartered Accountants  
and Registered Auditors

Devonshire House  
60 Goswell Road  
London EC2M 7AD

Date: 4th May 2001

**The London Bullion Market Association**  
**Profit and Loss Account**  
**For the year ended 31st December 2000**

	Notes	2000 £	1999 £
<b>Income - continuing activities</b>			
Members' subscriptions and entry fees	2	335,762	388,375
Other operating income		<u>310,598</u>	<u>97,813</u>
		646,360	486,188
<b>Expenditure</b>			
Administrative expenses	3	<u>(663,798)</u>	<u>(400,108)</u>
<b>Operating (loss) / profit</b>		(17,438)	86,080
Interest receivable and similar income		<u>17,732</u>	<u>15,084</u>
<b>Surplus on ordinary activities before taxation</b>		294	101,164
Taxation	4	<u>(5,614)</u>	<u>(6,323)</u>
<b>(Deficit) / Surplus on ordinary activities after taxation</b>		(5,320)	94,841
Balance brought forward		<u>239,519</u>	<u>144,678</u>
<b>Balance carried forward</b>		<u><u>234,199</u></u>	<u><u>239,519</u></u>

**Statements of Total Recognised Gains and Losses**

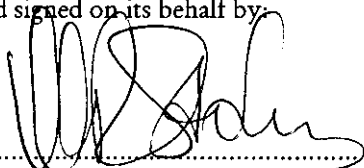
A statement of total recognised gains and losses is not required as all recognised gains and losses incurred during the year are included in the profit and loss account.

# The London Bullion Market Association

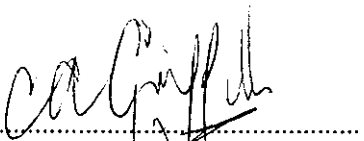
## Balance Sheet as at 31st December 2000

	Note	2000 £	2000 £	1999 £	1999 £
<b>Fixed assets</b>					
Tangible fixed assets	5		7,790		4,132
<b>Current assets</b>					
Debtors	6	49,587		79,431	
Cash at bank and in hand		<u>228,562</u>		<u>257,042</u>	
		278,149		336,473	
<b>Creditors: Amounts falling due within one year</b>	7	<u>(51,740)</u>		<u>(101,086)</u>	
<b>Net Current Assets</b>			<u>226,409</u>		<u>235,387</u>
<b>Net Assets</b>			<u>234,199</u>		<u>239,519</u>
 <b>Capital and Reserves</b>	8		<u>234,199</u>		<u>239,519</u>

These financial statements were approved by the Committee on 2nd May 2001  
and signed on its behalf by:



**M.R. Stokes**  
Member of the Committee



**C.A. Griffith**  
Member of the Committee

**The London Bullion Market Association**  
**Cash Flow Statement**  
**For the year ended at 31st December 2000**

	Note	2000 £	1999 £
Net cash (outflow)/inflow from operating activities	9	(32,011)	86,231
Return on investments and servicing of finance			
Interest received		17,732	14,481
Taxation			
UK tax paid		(6,975)	(3,331)
Capital expenditure			
Payment of acquire fixed assets		<u>(7,226)</u>	<u>-</u>
Net cash (outflow)/inflow		<u>(28,480)</u>	<u>97,381</u>
(Decrease)/increase in cash	10	<u>(28,480)</u>	<u>97,381</u>

**Reconciliation of net cash flow to movement in net funds**

	2000 £	1999 £
(Decrease)/increase in cash	(28,480)	97,381
Net funds at 31st December 1999	<u>257,042</u>	<u>159,661</u>
Net funds at 31st December 2000	<u>228,562</u>	<u>257,042</u>

# The London Bullion Market Association

## Notes to the Financial Statements

### For the year ended 31st December 2000

#### 1 Status of the Association

The Association is a company limited by guarantee and has no share capital. The members of the Association have each undertaken to contribute to the assets of the Association in the event of it being wound up whilst they are members, or within one year after they cease to be members, for the payment of the debts and liabilities contracted before they cease to be members, such amount as may be required not exceeding £10 per member.

#### 2 Accounting Policies

##### Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards.

##### Depreciation

Depreciation has been provided at rates estimated to write off the cost of fixed assets less estimated residual value of each asset over its expected useful life as follows:

Computer equipment	- 3 years reducing balance
Furniture	- 5 years reducing balance

##### Turnover

Turnover comprises members' subscriptions, net of VAT, which are included in the year to which they relate.

#### 3 Administrative Expenses

Administrative expenses comprise all expenditure incurred by the Association and includes auditors' remuneration of £3,750 (1999 - £3,900).

Staff employed by the Association were seconded from LIBA and appeared until March 2000 on LIBA's payroll. LIBA charged LBMA a monthly fee for the provision of three members of staff during this period. From April 2000 LBMA operated its own payroll and for this nine month period their remuneration was as follows:

	2000
	£
Wages and salaries	121,180
Social security costs	13,584
	<u>134,764</u>
Included in the above:-	£
Directors remuneration	<u>78,000</u>

#### 4 Taxation

	2000	1999
	£	£
Corporation tax at 20%	4,962	6,976
Under/(over) provision in prior years	652	(653)
	<u>5,614</u>	<u>6,323</u>

No corporation tax liability arises in respect of the net income derived from the members as the Association is treated as a Trade Association.



**The London Bullion Market Association**  
**Notes to the Financial Statements**  
**For the year ended 31st December 2000 (Continued)**

<b>5 Tangible Fixed Assets</b>	<b>Furniture</b>	<b>Computer Equipment</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1st January 2000	9,188	14,725	23,913
Additions	680	6,546	7,226
	<u>9,868</u>	<u>21,271</u>	<u>31,139</u>
At 31st December 2000			
<b>Depreciation</b>			
At 1st January 2000	8,233	11,548	19,781
Charge for the year	327	3,241	3,568
	<u>8,560</u>	<u>14,789</u>	<u>23,349</u>
At 31st December 2000			
<b>Net Book Value</b>			
At 31st December 2000	<u>1,308</u>	<u>6,482</u>	<u>7,790</u>
At 31st December 1999	<u>955</u>	<u>3,177</u>	<u>4,132</u>
<b>6 Debtors</b>	<b>2000</b>	<b>1999</b>	
	<b>£</b>	<b>£</b>	
Trade debtors	27,081	42,401	
Other debtors	1,076	6,444	
Prepayments and accrued income	21,430	30,586	
	<u>49,587</u>	<u>79,431</u>	
<b>7 Creditors: Amounts falling due within one year</b>	<b>2000</b>	<b>1999</b>	
	<b>£</b>	<b>£</b>	
Trade creditors	22,810	28,025	
Corporation tax	4,962	6,323	
Social security and other taxes	2,927	-	
Accruals and deferred income	21,041	66,738	
	<u>51,740</u>	<u>101,086</u>	
<b>8 Capital and Reserves</b>			

This consists of undistributable reserves which can only be transferred upon a winding up or dissolution of the Association, after the satisfaction of all its debts and liabilities, to some other institution having objects similar to those of the Association.

**The London Bullion Market Association**  
**Notes to the Financial Statements**  
**For the year ended 31st December 2000 (Continued)**

**9 Reconciliation of operating profit to net cash outflow from operating activities**

	2000	1999
	£	£
Operating (loss)/profit	(17,438)	86,080
Depreciation charge	3,568	3,760
Decrease/(increase) in debtors	29,844	(75,035)
(Decrease)/increase in creditors	<u>(47,985)</u>	<u>71,426</u>
Net cash (outflow) / inflow from operating activities	<u><u>(32,011)</u></u>	<u><u>86,231</u></u>

**10 Analysis of Changes in Cash**

	1st January 2000	Cash Flows	31st December 2000
	£	£	£
Cash in hand and at bank	45,058	183,484	228,562
Short term deposits	<u>211,984</u>	<u>(211,984)</u>	<u>-</u>
<b>Total</b>	<u><u>257,042</u></u>	<u><u>(28,500)</u></u>	<u><u>228,562</u></u>