

Company Registration No 04943684 (England and Wales)

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
DIRECTOR'S REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2007

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GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
COMPANY INFORMATION

Director P Tustain

Secretary F Tustain

Company number 04943684

Registered office 53 Dewhurst Road
London
W14 0ES

Auditors Albert Goodman
Hendford Manor
Yeovil
Somerset
BA20 1UN

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
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**GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 OCTOBER 2007**

The director presents his report and financial statements for the year ended 31 October 2007

Principal activities and review of the business

The principal activity of the company continued to be that of enabling its customers to buy and sell physical gold via the internet, and arranging the custody of the gold in professional vaults in London, New York and Zurich

The company continues to make good progress BullionVault now has 35,000 registered users from 80 countries 4,400 of these users are active

In the second full year of trading, to 31 October 2007, gold sales amounted to £41m This on its own represents sales growth of 29.8% The turnover figure does not include direct client to client sales Sales growth including such sales exceeded 40%

During the year under review the staff headcount increased by 4 to 8 New staff are employed in -

- (i) raising the profile of the company through the production and publication on the internet of investment research related to gold, and
- (ii) in the development and support of the service in German, French and Italian

Future prospects

Future growth is anticipated from deeper penetration into English speaking markets - in particular within the USA - and also from opening up European and (later) Asian markets to the BullionVault service

In the key areas of lead generation, conversion and retention of new gold buyers we are continuing to improve our performance We still have a large number of initiatives underway which will further establish BullionVault as a market leader in internet gold Our customers provide us with exceptionally good feedback and references about the service Also increasing word-of-mouth recommendation has caused our cost of customer acquisition to fall during the year

Greater financial strength

The company's balance sheet was significantly strengthened by two capital raising exercises during the year

- 1 In November 2006 the company raised £2m in new equity to finance
- 2 Then in March 2007 previous investors converted £1m of convertible debt into equity

The company now has an extraordinarily strong ratio of shareholders' funds to annual operating costs - currently exceeding 5:1

As a result of this financing and its operation in the year the company generated a respectable cash surplus, which was re-invested in growing the business

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2007

Outlook

We have within three years attained a solid position in the internet gold industry with more than \$200m of property segregated for customers

We have had a spectacular start to the current year (to October 2008) In the first quarter our sales exceeded the entire sales of the previous year Our cost base has not expanded, so margins too have increased Higher margins on higher sales means that profits in the current period are considerably exceeding the previous year, though again the expectation is to see the cash thus generated being employed in business expansion

We continue to have the financial strength - now re-enforced with strong cash generation - to invest in (i) growing our market share, (ii) reducing both our costs and the prices customers pay and (iii) improving our web services to customers

We are looking forward to the coming year with a high degree of confidence

Financial risks

The company incurs certain risks in relation to financial transactions during the course of operating its business

Financial risk management objectives

The key objective in using financial transactions is the maintenance of a float of gold and currency in order that the company's gold trading computer programs have sufficient access to funds and gold to be able to trade and settle trades on the BullionVault order board More specifically the objectives are -

- 1 To ensure an immediately available inventory of US Dollars, Euros and Pounds Sterling, cleared in bank accounts, while not unduly exposing the company to currency risk
- 2 To ensure an immediately available inventory of gold vaulted in London, New York and Zurich, while not unduly exposing the company to risks of dramatic gold price movements

Policies

To meet these objectives the company engages in two main styles of financial transaction

1 Gold bullion trades These are executed with reputable London bullion dealers The company currently has accounts with two bullion dealers - soon to be expanded to three All are members of the London Bullion Market Association and are subsidiaries of very large financial corporations The company buys gold from them usually for settlement within 24 or 48 hours and is required to pay before receipt of bullion, on the day settlement is due

2 Currency swaps The company's foreign currency inventory is maintained through Lloyds TSB using currency swaps

The company buys US Dollars and Euros for same day settlement, and at the same instant sells them one or two months forward The director believes this transaction is very low risk

Both legs are traded with Lloyds TSB, so there is negligible credit risk

The company is not at material risk from customer default because customers can only purchase gold with cleared money already received by the company Similarly customers can only sell gold already in the custody of the company

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2007

Exposures to particular risks

Supplier default

The default of a gold bullion supplier after having been paid, and prior to delivery of gold to our vaults, is one of the company's biggest risks, as the outgoing payment could run to several million dollars. This is why the company chooses exceptionally good quality counterparties for dealing - even at the risk of paying slightly more for our gold.

In view of the complexity of the structure in many major financial firms, together with generally deteriorating credit ratings and their involvement in complex and opaque off-balance-sheet finance the director remains concerned that even major firms could collapse without much warning. The director is spending increasing effort identifying ways to minimise the risk of one-sided settlement and thereby insulate the company from any unknown weaknesses in its bullion suppliers.

Market risk

The company is exposed to movements in the gold price. It maintains a running gold inventory which is allowed to float up and down by approximately 60kg before being corrected by a market trade. This long position is hedged by a mix of undated long term gold bonds and short notice, but long standing, gold borrowings.

The net effect of the hedge transactions is to reduce the company's maximum 'long' gold position - down to about 80kg in bullion, while maintaining an ability to settle several times this quantity of stock.

It is not economic to hedge this smaller balance entirely out of market risk.

A two percent price fall in gold - which would be a sharp one day move - costs the company about £25,000 in inventory losses. By the same token price rises produce similar inventory profits.

Liquidity risk

The company only operates in gold and currency markets both of which are among the deepest capital markets in the world. There is minimal risk of these markets becoming illiquid in normal circumstances. Gold has had by far the best long term record of deep and liquid markets of any financial asset in history.

Cash flow risk

The company has no current material risk in terms of cash flow. After recent cash injections of equity the company has sufficient shareholders funds to meet all expenses at the current level for at least four years - even in the absence of any revenues.

The company's material assets are held in currency and gold which are both highly liquid, so there is no realistic danger of not being able to raise the cash required to meet the demands of cash flow in the short and medium term.

Other financial risks

The most material other financial risk to the business is customer fraud. In the course of normal business we pay large sums by bank wire to our customers' original funding bank account. We regard every substantial payment as having a potential for serious loss. Nevertheless we must pay our customers quickly and efficiently when they demand it. We maintain tight control of our procedures in this regard and with assistance from our auditors are always looking to improve our procedures.

**GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2007**

Other risks

Some sectors of the internet based gold industry have been operating payment services. While not in any way illegal in themselves these services have led to some senior executives being indicted in the USA on charges related to money-laundering.

BullionVault has a robust anti-money-laundering policy and in any event does not operate a payments service. So there is no reason to suppose that BullionVault could be targeted by authorities anywhere in the same way. Nevertheless various international authorities do appear to have a hostile attitude to private gold ownership, which is a pattern that often develops where official money is under stress from government overissue.

The Director believes that the general level of risk to the company in this area has not increased in the last year.

Results and dividends

The results for the year are set out on page 9.

Director

The following director has held office since 1 November 2006:

P Tustain

Director's interests

The director's interest in the shares of the company was as stated below:

	Ordinary Shares of £1 each	
	31 October 2007	1 November 2006
P Tustain	180,000	168,000

The additional 12,000 shares were new shares subscribed by the director at a price of £32.40 each - for a total of £388,800. The terms were the same as for other investors acquiring new shares in the company in November 2006. 180,000 shares represents 57.8% of the issued ordinary shares, or 55.0% if fully diluted by employee share options.

The Director and/or Pension Funds of which he is the sole beneficiary is also the owner of 2,400 Troy Ounces nominal gold bonds issued by the company against consideration of 2,400 Troy Ounces of gold, and also a further £162,400 Sterling bonds. In the event of liquidation these bonds rank below all other creditors except ordinary shareholders.

Changes in presentation of the financial statements

In the current year there has been some reclassification of comparative figures in the profit and loss account in order to provide consistent treatment of items in both years.

Auditors

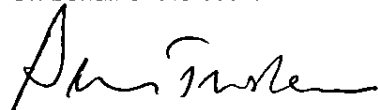
In accordance with section 385 of the Companies Act 1985, a resolution proposing that Albert Goodman be reappointed as auditors of the company will be put to the Annual General Meeting.

**GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2007**

Statement of disclosure to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



P Tustain

Director

31 March 2008

**GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
DIRECTOR'S RESPONSIBILITIES
FOR THE YEAR ENDED 31 OCTOBER 2007**

The director is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the director to prepare financial statements for each financial year which 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 those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Director is responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF GALMARLEY LIMITED**

We have audited the financial statements of Galmarley Limited for the year ended 31 October 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of the director and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether in our opinion the information given in the director's report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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.

**GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF GALMARLEY LIMITED**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the director's report is consistent with the financial statements



Albert Goodman
Chartered Accountants
Registered Auditor
31 March 2008

Hendford Manor
Yeovil
Somerset
BA20 1UN

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2007

	Notes	2007 £	2006 £
Turnover	2	41,341,235	31,752,363
Cost of sales		(40,699,322)	(31,274,264)
Gross profit		641,913	478,099
Administrative expenses		(494,194)	(268,263)
Operating profit	3	147,719	209,836
Interest payable and similar charges	4	(122,894)	(156,287)
Profit on ordinary activities before taxation		24,825	53,549
Tax on profit on ordinary activities	5	(3,749)	-
Profit for the year	13	21,076	53,549


The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
BALANCE SHEET
AS AT 31 OCTOBER 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	6		3,864		1,200
Current assets					
Debtors	7	1,701,912		423,259	
Investments	8	1,877,558		1,590,785	
Cash at bank and in hand		3,569,324		1,594,198	
		<u>7,148,794</u>		<u>3,608,242</u>	
Creditors' amounts falling due within one year	9	<u>(2,527,195)</u>		<u>(2,196,885)</u>	
Net current assets			<u>4,621,599</u>		<u>1,411,357</u>
Total assets less current liabilities			<u>4,625,463</u>		<u>1,412,557</u>
Creditors' amounts falling due after more than one year	10		<u>(1,193,752)</u>		<u>(1,030,474)</u>
			<u>3,431,711</u>		<u>382,083</u>
Capital and reserves					
Called up share capital	12	311,228		212,333	
Share premium account	13	3,208,297		299,542	
Other reserves	13	-		18,082	
Profit and loss account	13	(87,814)		(147,874)	
Shareholders' funds	14		<u>3,431,711</u>		<u>382,083</u>

Approved by the Board and authorised for issue on 31 March 2008


P Tustain
Director

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2007

	£	2007 £	£	2006 £
Net cash inflow from operating activities		114,745		367,762
Returns on investments and servicing of finance				
Interest paid	(122,894)		(156,287)	
Net cash outflow for returns on investments and servicing of finance		(122,894)		(156,287)
Capital expenditure				
Payments to acquire tangible assets	(5,260)		(1,068)	
Net cash outflow for capital expenditure		(5,260)		(1,068)
Net cash (outflow)/inflow before management of liquid resources and financing		(13,409)		210,407
Management of liquid resources				
Current asset investments	(286,773)		(222,587)	
		(286,773)		(222,587)
Financing				
Issue of ordinary share capital	2,989,568		12,000	
Issue of shares	2,989,568		12,000	
Other new long term loans	163,278		76,935	
Other new short term loans	122,587		586,155	
Repayment of other short term loans	(1,000,125)		-	
(Decrease)/increase in debt	(714,260)		663,090	
Net cash inflow from financing		2,275,308		675,090
Increase in cash in the year		1,975,126		662,910

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 OCTOBER 2007

1 Reconciliation of operating profit to net cash inflow from operating activities	2007	2006
	£	£
Operating profit	147,719	209,836
Depreciation of tangible assets	2,596	5,296
(Increase)/decrease in debtors	(1,278,653)	234,327
Increase/(decrease) in creditors within one year	1,204,099	(81,697)
Share based payment	38,984	-
Net cash inflow from operating activities	114,745	367,762

2 Analysis of net funds	1 November 2006	Cash flow	Other non-cash changes	31 October 2007
	£	£	£	£
Net cash				
Cash at bank and in hand	1,594,198	1,975,126	-	3,569,324
Liquid resources				
Current asset investments	1,590,785	286,773	-	1,877,558
Debt				
Debts falling due within one year	(1,581,913)	877,538	-	(704,375)
Debts falling due after one year	(1,030,474)	(163,278)	-	(1,193,752)
	(2,612,387)	714,260	-	(1,898,127)
Net funds	572,596	2,976,159	-	3,548,755

3 Reconciliation of net cash flow to movement in net funds	2007	2006
	£	£
Increase in cash in the year	1,975,126	662,910
Cash outflow from increase in liquid resources	286,773	222,587
Cash outflow/(inflow) from decrease/(increase) in debt	714,260	(663,090)
Movement in net funds in the year	2,976,159	222,407
Opening net funds	572,596	350,189
Closing net funds	3,548,755	572,596

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, except that gold is held at market value and gains or losses arising therefrom are taken to the profit and loss account. This is permitted by Schedule 4 of the Companies Act 1985, as amended by the Companies Act 1985 (International Accounting Standards and Other Accounting Amendments) Regulations 2004, which implemented the Fair Value Directive of the European Union.

Transactions are accounted for on a trade date basis.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for sale of gold and services supplied to customers including interest earned on client accounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	33 33% Straight Line
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1.5 Investments

Current asset investments consist of gold held by the company, and has been valued at the closing price as determined by the London Bullion Market Association.

1.6 Client accounts

The company operates separately designated client accounts in each currency in which the company trades. Customers are only able to purchase gold once the company has received cleared money and this money is paid to and held in the separately designated client accounts. As these amounts are held within designated client accounts and ownership is retained by the customers, these cash balances are not included in the balance sheet of the company.

1.7 Pensions

The company makes payments to personal pension schemes for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2007

1 Accounting policies

(Continued)

1.10 Convertible debt

The convertible debt is split into two components a debt component and an equity element. The debt component represents the company's liability for future interest payments and the redemption amount. The equity element represents the value of the option that debt holders have to convert into ordinary shares of the company.

The debt component of the convertible bond is measured at amortised cost and increases as the present value of the interest payments and redemption amount increases, with a corresponding charge of finance costs. The debt component decreases by the interest payments made to bondholders.

1.11 Currency Swaps

Currency swaps are included within debtors and creditors.

Currency swaps are entered into with a view to managing exposure to foreign currency fluctuations. These are accounted for on an accruals basis which is in line with the item they are hedging.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2007	2006
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	2,596	5,296
Operating lease rentals	25,886	10,956
Auditors' remuneration	11,894	8,250
	<u> </u>	<u> </u>
4 Interest payable	2007	2006
	£	£
On bank loans and overdrafts	627	62
On other loans wholly repayable within five years	46,226	83,296
Other interest	76,041	72,929
	<u> </u>	<u> </u>
	<u>122,894</u>	<u>156,287</u>

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2007

5 Taxation	2007	2006
	£	£
Domestic current year tax		
U K corporation tax	3,749	-
Current tax charge	<u>3,749</u>	<u>-</u>
 Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>24,825</u>	<u>53,549</u>
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.58% (2006 - 19.00%)	<u>4,861</u>	<u>10,174</u>
Effects of		
Non deductible expenses	8,488	2,606
Depreciation add back	508	1,006
Capital allowances	(995)	(804)
Tax losses utilised	(7,939)	(14,187)
Other tax adjustments	(1,174)	1,205
	<u>(1,112)</u>	<u>(10,174)</u>
Current tax charge	<u>3,749</u>	<u>-</u>

The company has estimated losses of £ nil (2006 - £ 40,000) available for carry forward against future trading profits

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2007

6 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 November 2006	15,891
Additions	5,260
	<hr/>
At 31 October 2007	21,151
	<hr/>
Depreciation	
At 1 November 2006	14,691
Charge for the year	2,596
	<hr/>
At 31 October 2007	17,287
	<hr/>
Net book value	
At 31 October 2007	3,864
	<hr/> <hr/>
At 31 October 2006	1,200
	<hr/> <hr/>

7 Debtors	2007 £	2006 £
Main market gold settlements	999,279	-
Currency swap receivable	683,263	410,087
Other debtors	15,011	3,783
Prepayments and accrued income	4,359	9,389
	<hr/>	<hr/>
	1,701,912	423,259
	<hr/> <hr/>	<hr/> <hr/>

In the normal course of business, gold is bought for settlement within 48 hours of the year end

8 Current asset investments	2007 £	2006 £
Other unlisted investments	1,877,558	1,590,785
	<hr/> <hr/>	<hr/> <hr/>

Other investments is gold owned by the company, valued at the closing pm fix as determined by the London Bullion Market Association

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2007

9 Creditors' amounts falling due within one year	2007	2006
	£	£
Trade creditors	-	9,756
Main market gold settlements	1,000,493	-
Corporation tax	3,749	-
Other taxes and social security costs	-	32,210
Director's current accounts	-	18,329
Currency swap payable	684,165	404,326
Other creditors	707,401	1,584,339
Accruals and deferred income	131,387	147,925
	<u>2,527,195</u>	<u>2,196,885</u>

Included in other creditors is £nil (2006 £995,758) in respect of convertible debt which matured on 31 March 2007. The debt was convertible at the option of the holder at £26.65 of debt for one ordinary share. Interest on this debt was payable at a rate of 6% per annum.

Also in other creditors is £704,375 (2006 £586,155) in respect of loans denominated in gold. These loans are repayable in gold and the liability has been valued at the closing pm fix as determined by the London Bullion Market Association. Interest on this debt is payable at 2.75% on the average closing sterling price of gold. Redemption of these loans can be made at any time by way of one month's notice given by either the company or the lender. These loans of bullion are from individuals to the company and there is no impact on the segregation of the gold owned by BullionVault customers.

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2007

10 Creditors: amounts falling due after more than one year	2007	2006
	£	£
Other loans	1,193,752	1,030,474
	<u> </u>	<u> </u>
Analysis of loans		
Not wholly repayable within five years other than by instalments	1,193,752	1,030,474
Wholly repayable within five years	704,375	1,581,913
	<u> </u>	<u> </u>
	1,898,127	2,612,387
Included in current liabilities	(704,375)	(1,581,913)
	<u> </u>	<u> </u>
	1,193,752	1,030,474
	<u> </u>	<u> </u>

The loans due in more than one year relate to cash loans of £162,400 (2006 £650,000), loans denominated in gold of £1,031,352 (2006 £380,474)

The cash and gold loans are undated and it is the intention that these are long term loans to the company. As with the gold loans due in less than one year, the loans are repayable in gold and the liability has been valued at the closing pm fix as determined by the London Bullion Market Association. Interest on these loans is payable at 7% per annum and is computed on the value of the gold loan based on the value of gold at 31 March each year. The gold loan is from the Director to the company and there is no impact on the segregation of the gold owned by BullionVault customers.

11 Pension costs

Defined contribution

The company makes payments to personal pension schemes of employees. The pension cost charge represents contributions payable by the company to the fund.

	2007	2006
	£	£
Contributions payable by the company for the year	51,182	36,810
	<u> </u>	<u> </u>

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12 Share capital	2007	2006
	£	£
Authorised		
1,000,000 Ordinary Shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
311,228 Ordinary Shares of £1 each	311,228	212,333

On 1 November 2006 the company issued 61,568 £1 ordinary shares at £32.40 per share. A further 37,237 shares were issued on conversion of convertible debt at 1 ordinary share for £26.65 of debt converted in accordance with the terms of the convertible debt.

13 Statement of movements on reserves

	Share premium account	Other reserves (see below)	Profit and loss account
	£	£	£
Balance at 1 November 2006	299,542	18,082	(147,874)
Profit for the year	-	-	21,076
Credit in respect of employee share options	-	-	38,984
Premium on shares issued during the year	2,908,755	-	-
Movement during the year	-	(18,082)	-
Balance at 31 October 2007	3,208,297	-	(87,814)
Equity element of convertible debt			
Balance at 1 November 2006		18,082	
Special reserve movement		(18,082)	
Balance at 31 October 2007		-	

14 Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit for the financial year	21,076	53,549
Proceeds from issue of shares	3,007,650	12,000
Movements on other reserves	(18,082)	-
Credit in respect of employee share options	38,984	-
Net addition to shareholders' funds	3,049,628	65,549
Opening shareholders' funds	382,083	316,534
Closing shareholders' funds	3,431,711	382,083

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15 Director's emoluments	2007	2006
	£	£
Company pension contributions to money purchase schemes	51,182	36,810
	<u>51,182</u>	<u>36,810</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2006 - 1)

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2007	2006
	Number	Number
Directors	1	1
Development and support staff	5	3
	<u>6</u>	<u>4</u>

Employment costs

	2007	2006
	£	£
Wages and salaries	216,234	107,123
Social security costs	23,868	10,991
Share based payment	38,984	12,000
Other pension costs	51,182	36,810
	<u>330,268</u>	<u>166,924</u>

17 Control

The company is controlled by Paul Tustain, Director

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18 Related party transactions

Included within other creditors due in more than one year are amounts due to the Director, Paul Tustain of £788,586 (2006 £305,464) in respect of gold lent to the company to support its trading activities and £162,400 (2006 £550,000) in respect of a loan to the company. In respect of the gold loan, interest is paid at 7% pa based on the valuation of the gold at 31 March each year and interest of £47,200 (2006 £27,428) has been charged to the profit and loss account. Interest is also paid at 7% on the other loan and interest of £15,828 (2006 £38,250) has been charged to the profit and loss account. Both of these loans are undated and are intended to be long term loans to the company, see note 10.

Also included in creditors due in more than one year are amounts due to the Director's pension scheme of £125,716 (2006 £74,510) in respect of gold lent to the company. Interest is paid at 7%pa based on the valuation of the gold at 31 March each year and interest of £7,222 (2006 £3,044) has been charged to the profit and loss account.

In addition the director also has a trading account with the company. At the year end there was a balance of £17,795 (2006 - £nil) held in the company's client account in relation to this trading account.

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19 Share based payment

During the year ended 31 October 2006 share options in respect of 12,000 shares issued from an Enterprise Management Incentive (EMI) share option scheme were exercised

As a trader in a commodity the company became disqualified under HMRC's rules from issuing further EMI options. A replacement government approved scheme known as Company Share Option Plans (CSOP) was implemented during the year ended 31 October 2006, under which a further 16,000 share options were issued to staff in that year.

The two option schemes are described below

Type of arrangement	Enterprise Management Incentive	Company Share Option Plan
Date of grant	1st March 2004	29 July 2006
Number granted	12,000	16,000
Contractual life	10 years	10 years

The estimated fair value of each share option granted in both share option plans is based on the intrinsic value of the option, measured as the difference between the fair value of the shares at the balance sheet date or date of exercise and the exercise price of the option. For the share options exercised during the year ended 31 October 2006, the fair value of the share option was £1 per share giving a charge to the profit and loss account of £12,000. For the options outstanding at 31 October 2007, the fair value of the options at that date is considered to be £38,984 (2006: £nil). As the shares are not listed the fair value of the options is based on various assumptions with regard to the value of the underlying shares that cannot be tested.

Further details of the two share option plans are as follows

	2007		2006	
	Number of options	Exercise price	Number of options	Exercise price
Outstanding at start of year	16,000	£nil	12,000	£0.000166
Granted	-	£10	16,000	-
Exercised	-	£nil	12,000	-
Outstanding at end of year	16,000	£10	16,000	£0.000166
Exercisable at end of year	-	£10	-	£0.000166

The options outstanding at 31 October 2007 had an exercise price of £10, and a remaining contractual life of 9 years. The options can be exercised in stages, with the earliest possible exercise of 6,000 shares on 31 July 2009. The remaining stages allow for 4,400 options to be exercised from 31 July 2010, a further 4,400 options to be exercised from 31 July 2011 and the final 1,200 options to be exercised from 31 July 2012. For all these options granted, the last possible exercise date is 30 June 2016.