

Company Registration number: 04943684

**GALMARLEY LIMITED**  
**TRADING AS BULLIONVAULT.COM**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

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**GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**

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**GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**

**COMPANY INFORMATION**

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**Directors** R P Glynn  
G Lockwood  
T Levene  
P G Tustain

**Company secretary** J Prytula

**Registered office** 12th Floor  
Landmark House  
Blacks Road  
London  
W6 9DP

**Auditors** Albert Goodman LLP  
Mary Street House  
Mary Street  
Taunton  
Somerset  
TA1 3NW

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2016**

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The directors present their strategic report for the year ended 31 October 2016.

#### **Fair review of the business**

##### **2016 results**

In an improving market for precious metals the group made steady headway in the year to 31 October 2016. Total group sales amounted to £422m (2015: £375m) of which the BullionVault business contributed the vast majority, with sales of £5m (2015: £1m) contributed by the group's whisky operation, WhiskyInvestDirect. By the year end BullionVault has had 63,667 users (2015: 57,938). In this, the ninth full year of trading bullion, bullion sales amounted to £417m (2015: £375m).

Profits before tax rose to £5.79m (2015: £3.4m).

Bullionvault custody revenues rose well, by 17.8%. Gold tonnage stored was up again (+5.5%) and silver tonnage grew healthily (+18.2%). These improvements continue to compare favourably against our peers.

We invested in our 'robot' automated trading software, and benefited from faster price posting on our order board, which made us a more frequent counterparty to customer trades, and in turn led to greater trading profits.

Also Bullionvault commission revenues were up, by 8.1% to £3.9m.

The only declining revenue stream was interest, down by 8.3% to £304,000. This is to be expected in a continuing low interest rate environment.

User comments about us on independent sites remain strongly positive, which is a credit particularly to the quality of our personal style of customer service as well as to the exceptionally low prices at which we offer bullion and storage. Our ranking on Trustpilot - the leader of the independent review sites is now 9.5 / 10 [Excellent].

Costs remain well controlled and the group's accounting policies remain cautious.

##### **Gold**

The gold price has been stronger, particularly in GBP our reporting currency, in which a 46% price rise was reported (though of course much of this was on account of GBP depreciation).

As at 31 Oct 2016 we were looking after 36.27 tonnes (2015 : 34.3 tonnes).

##### **Silver**

Silver prices rose 58% in the year in GBP terms, from £306 per kg to £485.

As at 31 Oct 2016 we were looking after 632 tonnes (2015 : 534 tonnes).

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### **Whisky industry**

The market for Scotch whisky shows signs of improvement. The value of Scotch whisky exports rose for the first time since 2013 in the third quarter of 2016, as the weakness of the Pound after the Brexit referendum saw exports to the European Union and North America surge. Year-on-year by value Q3 Scotch exports rose by 4.0% to reach £1,059m. However, we believe that the market for young grain whisky is still soft, holding prices back, while malt stocks are better balanced.

#### **Headcount**

During the year under review our staff headcount stabilised at 33.

#### **Marketing**

BullionVault marketing had a particularly successful year. We marketed with skill and digital know-how, rather than through the so often disappointing medium of paid advertising. We managed to maintain direct marketing costs below £250,000 for the year, while opening 50% more funded accounts than in 2015. To a significant extent we benefit from search optimisation which delivers us over a third of our customers at near zero direct cost, direct from search engines. The ability to fund an account by UK debit card and a redesign of the homepage also benefited new acquisition.

#### **The typical BullionVault client**

Bullionvault clients acquired range in size from a few hundred GBP to several million. On average across almost 33,000 current customers they grow over time from their first deposit to hold a balance of approximately £42,000 in bullion. While they remain active they pay average storage fees of £10 per month (£120 pa) and generate an average profit for the company of approximately £175 per year.

We consider a client 'lost' when they sell all their bullion and withdraw to a negligible cash balance. On that metric we lose customers at approximately 14% per year. The average customer lifetime is 7.2 years.

WhiskyInvestDirect marketing has been targeted at existing BullionVault customers. These customers make up just under 50% of the total. It is encouraging that the majority, a growing one, has been recruited via different channels.

## **GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**

**STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2016**

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### **Financial strength**

The group again made a substantial transfer to its reserves. At the year-end it retains net shareholders' funds of £32.5 million (2015 : £28.3m) which sum is mostly held in immediately marketable bullion, or in cash held at call.

Note also a significantly increased dividend proposed of £5.50 per £1 share (2016 interim: £1.40) which returns about £2m of those shareholders' funds to our shareholders in January 2017.

The net assets per £1 ordinary share continued to grow to £90 at the balance sheet date (2015 : £79). This will fall by £5.50 upon payment of the dividend, which was covered more than twice by post-tax earnings for the year.

### **Senior management change**

Robert Glynn was promoted to CEO and appointed to Galmarley's Board in August 2016. Robert joined as Chief Operating Officer five years ago and has been taking care of the day-to-day running of the business throughout the last year.

Former CEO & Founder Paul Tustain is now Executive Chairman of the Galmarley Board.

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

#### **STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2016**

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##### **Current market position and trading**

We remain the leading supplier of main market gold bullion to the UK retail customer across all supply channels, and specifically on the internet we are now the global leader for combining the sale and storage of bullion for the retail investor.

We benefited from currency fluctuations in the year to Oct 2016 because weak Sterling helps to flatter our profits.

As always we will post lower profits when Sterling appreciates, however, this is when our profits are most valuable in global terms, as our Sterling assets buy more gold, silver and indeed more of everything, when Sterling rises.

Essentially an increase in the purchasing power of our balance sheet assets arising from strengthening Sterling amounts to a tax free gain, which offsets the higher tax charge which we are required to pay - possibly unfairly - when elevated profits are reported in Sterling primarily because of its fall.

It is worth re-iterating that it is never possible to hedge out of currency risk when you have a substantial balance sheet, as we do. We could eliminate translation risk by hedging everything to sterling, but that would generate an unacceptable position risk in sterling itself.

An unusual pair of events in 2016 (the Brexit Vote, and the election of Donald Trump) are likely to bring volatility to the market over an extended period. It's moderately unusual to have events which initiate a prolonged period of likely volatility of, in these cases, over 2 years, and nearly 4 years respectively. Volatility is usually good for our business, so on the face of it these two events will be beneficial.

We have not changed our sceptical position on Quantitative Easing in Europe and on wider monetary policy issues. We regard the ultimate failure of these sorts of policy experiments as being both relatively likely and materially beneficial to the company - not necessarily by comparison with direct competitors, who will be similarly advantaged, but more by comparison with alternatives like more traditional stock and bond markets.

So with the news continuing to suggest we are on the right side of the curve we continue to regard the future with a high degree of confidence.

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### **WhiskyInvestDirect**

We continue to be pleased with the progress of WhiskyInvestDirect. It has attracted over 1,000 customers who have between them bought approximately two and a half million LPA of maturing barrel whisky, equivalent to a little over 7,000 bottles each. WID is now profitable, generating £178,070 in pre-tax profit in the year (2015 : (£342,071)), and is increasingly well known in the trade where more and more distillers are pleased to sell some of their maturing stock, via WID, to private investors, as part of their wider stock-holding and maturation strategy.

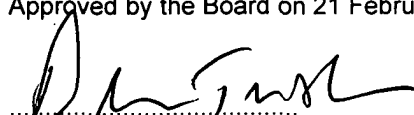
WID's wholly owned subsidiary James Eadie Ltd brought its first products to market, with a string of specialist bottlings which were well reviewed and have been in steady demand on the High Street through its exclusive distributor Royal Mile Whiskies. More new product launches are anticipated in the near future, including James Eadie's Blend.

#### **Results and dividends**

An interim dividend of £1.40 per £1 ordinary share was paid during the year.

The company will pay a dividend of £5.50 per £1 ordinary share payable to holders of shares as at 27 January 2017.

Approved by the Board on 21 February 2017 and signed on its behalf by:



P.G. Tustain  
Director



## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2016**

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The directors present their report and the consolidated financial statements for the year ended 31 October 2016.

#### **Directors of the group**

The directors who held office during the year were as follows:

R P Glynne (appointed 26 July 2016)

G Lockwood

A Shishmanian (resigned 16 February 2016)

T Levene

P G Tustain

#### **Financial risks**

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

#### ***Financial risk management and objectives***

The key objective in using financial transactions is the maintenance of a float of bullion and currency in order that the group's bullion trading computer programs have sufficient access to funds and bullion to be able to trade and settle trades on the BullionVault order board, where the rules require instantaneous settlement. This means any bullion sold on the order board by the group must already belong to the group, and be released into the vault before being sold, and any money used to bid for bullion must already be at the group's bank, and be capable of being immediately credited to the seller in cleared funds.

So, more specifically, the objectives of our financial transactions are:-

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

The same principles outlined above apply to whisky and Sterling in the WhiskyInvestDirect business.

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

#### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2016**

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##### ***Policies***

To meet these objectives the group engages in two main styles of financial transaction giving rise to material risk.

1. Gold and silver bullion trades. These are executed with reputable London bullion dealers. The group currently has accounts with three bullion dealing banks. All are members of the London Bullion Market Association. The group buys bullion 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. Making that payment prior to delivery exposes the group to a counterparty default.

2. Trades giving rise to a long position in bullion or a foreign currency. Given that the group has shareholders' funds amounting to £32.5m this has to be held somehow. Leaving it all in sterling (or hedging positions to create a uniquely sterling based risk profile) eliminates any risk of nominal sterling profits or losses arising from rises or falls in the prices of currency and bullion. However that policy would run the risk of a slide in sterling's value significantly impairing the group's ability to buy bullion and FX for stock. In order to mitigate to some degree the risk of such a slide in sterling from impacting the business the group elects to maintain material positions in both bullion and foreign currency. Currently these do not exceed 50% of shareholders' funds. Holding assets which are not sterling gives rise to the possibility of both profits and losses, when, at the end of the year, the holding is presented at its then market value.

There is no material risk regarding the spot and forward currency transactions which the group also undertakes, as in these the amount owed (in one currency) is in value terms owing (in another currency), and both amounts are open with the same counterparty and/or settle at the same time.

The group is not at material risk from customer default because customers can only purchase bullion and whisky with cleared money already received by the group. Similarly customers can only sell bullion and whisky already in the custody of the group.

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### ***Exposure to particular risks***

##### **Bullion Supplier default**

Before explaining the nature of the group's biggest risk it is important to point out that this risks only the group's money. Neither client money nor client bullion is exposed.

In our view the default of a market counterparty is the group's biggest direct financial risk. Although we always pay on the day settlement is due we could conceivably pay a counterparty in the morning for the afternoon delivery of bullion, which might not proceed if the counterparty were to fail after receiving our money, and before delivering us our bullion.

There is no 100% safe counterparty.

Our counterparties for bullion trades are all LBMA member firms. We have a number of suppliers so that we can avoid an undue concentration of counterparty risk. As far as we can we arrange our purchases to prevent too much being settled on one day with one counterparty.

We try to keep settlements below £5m and we are successful in more than 95% of cases. This does not reduce the risk of a default by a major bullion bank, but does somewhat reduce its consequence.

We would favour suppliers who segregate money upon receipt, and hold it segregated until we receive delivery of our bullion. Although there is still the risk of operational abuse by a provider (i.e. failure to segregate correctly when under duress) we believe segregation probably offers us better protection than balance sheet size, because modern balance sheets in the banking sector are not generally both comprehensive and credible.

But our major suppliers do not segregate our money upon receipt, which means they do not have to finance our purchase for one or two hours with their own funds. This benefits them in lower costs, and benefits us in their more competitive pricing.

This raises a question of judgment which the board keeps under review. We must weigh the risk of default in that two hour period against the higher pricing which goes with a segregated service. By exercising good judgment we would switch from a competitive unsegregated service to a less competitive but segregated service at any time which suggested increased risks of default, and we have to bear in mind that it is exactly when the risk of defaults increases that we are likely to be at our busiest.

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### **Reporting currency risk**

In view of the amounts of liquidity injected into the financial system since 2009 we regard it as a diminishing risk that we will see dramatic financial failures. There is, nevertheless, a risk of currency failure. This is as serious for us and places us and all other businesses in a difficult dilemma.

Again we stress this is a risk for the shareholders' funds and not for clients.

We report in Sterling, and manage our gold and FX positions so as to leave them essentially flat. But if we flatten our gold and foreign currency positions completely, then by definition our £32.7m of shareholders' funds are exposed to fluctuations in the purchasing power of Sterling.

A prolonged or dramatic fall in Sterling - which is still a material risk - would lose our shareholders a great deal of purchasing power, but not generate reportable or tax losses. It would limit our ability to buy gold and expand our business and it would reduce our balance sheet worth expressed - for example - in dollars.

Given the level of deficits and the general unreliability of Sterling as a store of value we must consider diversifying our shareholders' funds to other assets - whether that be currency, or gold, or something else again. The board must exercise a difficult judgment here. Howsoever we choose to distribute our shareholders' funds across monetary assets we risk re-valuation losses. This risk is unavoidable unless we take the even bigger risk of putting all our eggs in the basket of Sterling.

#### **Bank failure**

Lloyds Bank continues to rebuild itself and - so far as its shares are concerned - is close to being entirely free from the British government's embrace. But it remains the case that its default would be very serious for Galmarley. There would be long delays before the group could reclaim anything.

Regarding the failure of Lloyds it is supposed to be the case that designated client accounts, such as those in which BullionVault users' money is kept, permit those clients to be individually protected by government backed deposit protection - up to the normal personal limits. Therefore BullionVault clients ought to remain protected to some extent in the event of a failure of Lloyds. Nevertheless with a failure of Lloyds it is unlikely that government protection applying on client funds would redeem client money either quickly, or completely, or with its original purchasing power. Additionally, the group's own funds would be materially above any deposit protection threshold.

We also have US dollars deposited at Wells Fargo. Whilst this appears to be one of the strongest banks in certainly the financially strongest country on Earth, for completeness we must reference that our business is exposed there too. This is automatic for anyone who has a reputational or financial interest in a bank's solvency.

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### **Market risk**

The group is exposed to movements in the gold price. It maintains an unhedged gold inventory of approximately 40kg which is allowed to float up and down by a maximum of 24kg before being corrected by a market trade.

We also keep up to about 30% (£10m) of our shareholders' funds in US\$.

We do not seek to hedge these balances entirely out of market risk. At current prices a maximum long of 64kg undergoing a two percent price fall in gold - which would be a sharp one day move - costs the company about £32,000 in inventory losses, which is easily absorbed by our financial strength. By the same token price rises produce similar inventory profits. The \$ position produces rather more violent swings, with a 1% move in \$/£ producing profit or loss of +/- £80,000

Neither the gold nor US\$ positions, nor the smaller € or silver positions are considered a material risk.

#### **Liquidity risk**

The group only operates in bullion 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.

All customers now have direct access to the London Bullion Market - the biggest bullion market in the world. In any marketplace nothing can guarantee a determined seller access to a willing buyer. However by providing direct dealing access to all our other customers, and direct access to the London Bullion Market, the risk of a failure of liquidity is in our opinion as low as it can reasonably be.

Whisky is a materially less liquid market but at this stage is insignificant in the context of the group.

#### **Cash flow risk**

The group has no current material risk in terms of cash flow. The group has sufficient liquid assets to meet all expenses at the current level for 5 years - even in the absence of any revenues.

The group's assets are almost entirely held in currency and bullion which are both highly liquid, so excepting supplier default there is no realistic danger of not being able to raise any cash required 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.

**GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2016**

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**Other risks**

The Directors believe that there are - as in any business - unquantifiable risks relating to, for example, reputation and unpredictable force majeure events. These are a general feature of a modern business environment, although there are no specific known instances to which the business is materially exposed.

**Future Developments**

The future developments of the business are included within the strategic report.

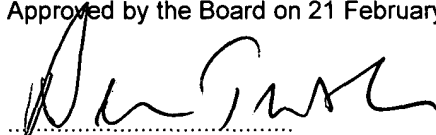
**Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

**Reappointment of auditors**

The auditors Albert Goodman LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 21 February 2017 and signed on its behalf by:



P G Tustain  
Director

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALMARLEY LIMITED**

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We have audited the financial statements of Galmarley Limited for the year ended 31 October 2016, set out on pages 16 to 46. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 13), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



**GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALMARLEY LIMITED**

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**Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 October 2016 and of the group's 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.

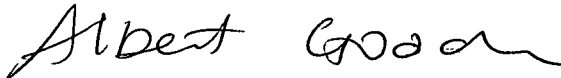
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.



Alison Kerr FCA (Senior Statutory Auditor)  
For and on behalf of Albert Goodman LLP, Statutory Auditor

Mary Street House  
Mary Street  
Taunton  
Somerset  
TA1 3NW

Date: 27 February 2017

**GALMARLEY LIMITED****TRADING AS BULLIONVAULT.COM  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 OCTOBER 2016**

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	<b>Note</b>	<b>2016 £ 000</b>	<b>2015 £ 000</b>
Turnover	3	421,763	375,196
Cost of sales		<u>(411,917)</u>	<u>(368,225)</u>
Gross profit		9,846	6,971
Administrative expenses		(3,837)	(3,334)
Other operating income		<u>61</u>	<u>-</u>
Operating profit	4	6,071	3,637
Other interest receivable and similar income	5	27	13
Interest payable and similar charges	6	<u>(311)</u>	<u>(242)</u>
Profit before tax		5,787	3,407
Taxation	10	<u>(1,131)</u>	<u>(798)</u>
Profit for the financial year		<u>4,656</u>	<u>2,609</u>
<b>Profit/(loss) attributable to:</b>			
Owners of the company		4,637	2,652
Minority interests		<u>19</u>	<u>(43)</u>
		<u>4,656</u>	<u>2,609</u>

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**GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 OCTOBER 2016**

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	<b>Note</b>	<b>2016 £ 000</b>	<b>2015 £ 000</b>
Profit for the year		<u>4,656</u>	<u>2,609</u>
Total comprehensive income for the year		<u><u>4,656</u></u>	<u><u>2,609</u></u>
<b>Total comprehensive income attributable to:</b>			
Owners of the company		4,637	2,652
Minority interests		<u>19</u>	<u>(43)</u>
		<u><u>4,656</u></u>	<u><u>2,609</u></u>

**GALMARLEY LIMITED**

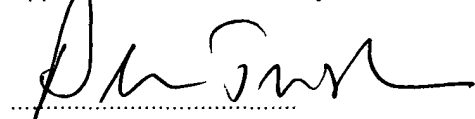
**TRADING AS BULLIONVAULT.COM**

**(REGISTRATION NUMBER: 04943684)**

**CONSOLIDATED BALANCE SHEET AS AT 31 OCTOBER 2016**

	Note	2016 £ 000	2015 £ 000
<b>Fixed assets</b>			
Tangible assets	12	116	29
<b>Current assets</b>			
Stocks	14	22,169	20,354
Debtors	15	10,904	14,785
Cash at bank and in hand		24,057	17,437
		57,130	52,576
<b>Creditors: Amounts falling due within one year</b>	17	(19,948)	(20,348)
<b>Net current assets</b>		37,182	32,228
<b>Total assets less current liabilities</b>		37,298	32,256
<b>Creditors: Amounts falling due after more than one year</b>	17	(4,601)	(3,710)
<b>Net assets</b>		32,697	28,546
<b>Capital and reserves</b>			
Called up share capital	19	361	361
Share premium reserve		8,369	8,369
Profit and loss account		23,730	19,599
Equity attributable to owners of the company		32,460	28,328
Minority interests		237	218
<b>Total equity</b>		32,697	28,546

Approved and authorised by the Board on 21 February 2017 and signed on its behalf by:



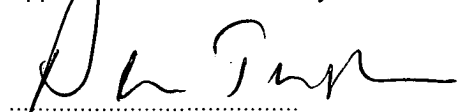
P G Tustain  
Director

**GALMARLEY LIMITED****TRADING AS BULLIONVAULT.COM****(REGISTRATION NUMBER: 04943684)****BALANCE SHEET AS AT 31 OCTOBER 2016**

	Note	2016 £ 000	2015 £ 000
<b>Fixed assets</b>			
Tangible assets	12	22	29
Investments	13	2,000	2,000
		<u>2,022</u>	<u>2,029</u>
<b>Current assets</b>			
Stocks	14	21,199	17,783
Debtors	15	11,670	15,087
Cash at bank and in hand		20,786	16,389
		<u>53,656</u>	<u>49,260</u>
<b>Creditors: Amounts falling due within one year</b>	17	<u>(19,829)</u>	<u>(20,331)</u>
<b>Net current assets</b>		<u>33,827</u>	<u>28,928</u>
<b>Total assets less current liabilities</b>		35,849	30,957
<b>Creditors: Amounts falling due after more than one year</b>	17	<u>(3,046)</u>	<u>(2,155)</u>
<b>Net assets</b>		<u>32,803</u>	<u>28,802</u>
<b>Capital and reserves</b>			
Called up share capital		361	361
Share premium reserve		8,369	8,369
Profit and loss reserve		24,073	20,072
<b>Total equity</b>		<u>32,803</u>	<u>28,802</u>

The company made a profit after tax for the financial year of £4,506,047 (2015 - profit of £3,125,474).

Approved and authorised by the Board on 21 February 2017 and signed on its behalf by:



P G Tustain  
Director

**GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 OCTOBER 2016**

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000	Non- controlling interests £ 000	Total equity £ 000
At 1 November 2015	361	8,369	19,599	28,328	218	28,546
<i>Movement in year:</i>						
Profit for the year	-	-	4,637	4,637	19	4,656
Total comprehensive income	-	-	4,637	4,637	19	4,656
Dividends	-	-	(505)	(505)	-	(505)
Total movement for the year	-	-	4,131	4,131	19	4,151
At 31 October 2016	361	8,369	23,730	32,460	237	32,697

**GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000	Non- controlling interests £ 000	Total equity £ 000
At 1 November 2014	361	8,369	17,199	25,929	-	25,929
Movement in year:						
Profit/(loss) for the year	-	-	2,652	2,652	(43)	2,609
Total comprehensive income	-	-	2,652	2,652	(43)	2,609
Dividends	-	-	(253)	(253)	-	(253)
Acquisition of non-controlling interest, decrease/ (increase) in equity	-	-	-	-	260	260
Total movement for the year	-	-	2,399	2,399	218	2,617
At 31 October 2015	361	8,369	19,599	28,328	218	28,546

**GALMARLEY LIMITED****TRADING AS BULLIONVAULT.COM****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 OCTOBER 2016**

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	<b>Share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 November 2015	<u>361</u>	<u>8,369</u>	<u>20,072</u>	<u>28,802</u>
Movement in year:				
Profit for the year	<u>-</u>	<u>-</u>	<u>4,506</u>	<u>4,506</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>4,506</u>	<u>4,506</u>
Dividends	<u>-</u>	<u>-</u>	<u>(505)</u>	<u>(505)</u>
	<u>-</u>	<u>-</u>	<u>4,001</u>	<u>4,001</u>
At 31 October 2016	<u><u>361</u></u>	<u><u>8,369</u></u>	<u><u>24,073</u></u>	<u><u>32,803</u></u>

	<b>Share capital £ 000</b>	<b>Share premium £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 November 2014	<u>361</u>	<u>8,369</u>	<u>17,199</u>	<u>25,929</u>
Movement in year:				
Profit for the year	<u>-</u>	<u>-</u>	<u>3,125</u>	<u>3,125</u>
Total comprehensive income	<u>-</u>	<u>-</u>	<u>3,125</u>	<u>3,125</u>
Dividends	<u>-</u>	<u>-</u>	<u>(253)</u>	<u>(253)</u>
	<u>-</u>	<u>-</u>	<u>2,873</u>	<u>2,873</u>
At 31 October 2015	<u><u>361</u></u>	<u><u>8,369</u></u>	<u><u>20,072</u></u>	<u><u>28,802</u></u>

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**GALMARLEY LIMITED****TRADING AS BULLIONVAULT.COM****CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Note	2016 £ 000	2015 £ 000
<b>Cash flows from operating activities</b>			
Profit for the year		4,656	2,609
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	17	193
Financial instrument net (gains)/losses through profit and loss		2,992	65
Finance income	5	(27)	(13)
Finance costs	6	311	242
Income tax expense	10	1,131	798
		9,080	3,895
Working capital adjustments			
Increase in stocks	14	(1,815)	(2,828)
Decrease in debtors	15	3,881	9,428
Decrease in creditors	17	(2,780)	(9,391)
Cash generated from operations		8,366	1,104
Income taxes paid	10	(852)	(441)
Net cash flow from operating activities		7,514	664
<b>Cash flows from investing activities</b>			
Interest received		27	13
Acquisitions of tangible assets		(105)	(27)
Net cash acquired in subsidiary		-	83
Net cash flows from investing activities		(78)	69
<b>Cash flows from financing activities</b>			
Interest paid	6	(264)	(225)
Proceeds from issue of shares classified as liabilities		-	1,555
Interest on preference shares		(47)	(17)
Dividends paid		(505)	(253)
Net cash flows from financing activities		(816)	1,060
Net increase in cash and cash equivalents		6,620	1,793
Cash and cash equivalents at 1 November 2015		17,437	15,645
Cash and cash equivalents at 31 October 2016		24,057	17,437

**GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2016**

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**1 General information**

The company is a private company limited by share capital incorporated in UK.

The address of its registered office is:

12th Floor  
Landmark House  
Blacks Road  
London  
W6 9DP

**2 Accounting policies**

**Summary of significant accounting policies and key accounting estimates**

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.

**Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. No adjustments were required as a result of the transition to FRS 102.

**Basis of preparation**

These financial statements are presented in Sterling (£) and have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

**Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 October 2016.

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 OCTOBER 2016**

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A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

#### **Turnover recognition**

Turnover represents amounts receivable for the sale of bullion, whisky and related services as part of a composite supply of services to customers and includes interest earned on client accounts.

Turnover for the sale of bullion and whisky is recognised at the point of settlement and ancillary services when provided. Interest is recognised on an accruals basis.

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Exchange differences are recognised in the profit and loss in the period in which they arise.

#### **Tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

#### **Tangible assets**

Tangible assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

##### **Asset class**

Fixtures, fittings and equipment  
Short leasehold improvements  
Plant and machinery

##### **Depreciation method and rate**

Straight line over 3 years  
Straight line over the life of the lease  
Straight line over 15 years

#### **Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### **Goodwill**

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

#### **Amortisation**

Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual values, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	Over its expected useful economic life

#### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment, which has been assessed as zero.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value and specifically does not include bullion.

#### **Debtors**

Other debtors largely consist of unsettled client fees and client trades not yet due for settlement (maximum two days).

Main market bullion settlements and foreign exchange trades are expected to settle within the normal market cycle of two days.

Main market bullion settlements can be either normal market transactions due for settlement within 48 hours or forward trades acting to hedge the inventory which by their nature are outstanding for longer periods. All main market bullion settlements are valued at the LBMA daily price.

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### **Stocks**

Stock consists of gold bullion, silver bullion and whisky held by the group.

Gold and silver bullion stocks are valued at the LBMA daily price as determined by the London Bullion Market Association at the balance sheet date. Changes in the valuation are recorded in the profit and loss account.

Whilst this policy is consistent with that adopted by similar businesses it is not in accordance with the requirements of FRS 102, which requires stocks to be valued at the lower of cost and net realisable value. The directors consider the policy of valuing stocks at net realisable market value to be necessary to show a true and fair view to reflect the intrinsic nature of the stock being tradeable on a ready market. This is wholly consistent with the operation of the group's business. It is not possible to quantify the impact of departing from FRS 102 as historic information regarding original cost has no application to the business and is therefore not available.

Whisky stocks are valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

#### **Creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. No trade creditors are for a period long enough to consider amortisation.

Main market bullion settlements and foreign exchange trades are expected to settle within the normal market cycle of two days.

Main market bullion settlements can be either normal market transactions due for settlement within 48 hours or forward trades acting to hedge the inventory which by their nature are outstanding for longer periods. All main market bullion settlements are valued at the LBMA daily price.

Other loans are loans from individuals denominated in bullion. These amounts are repayable in bullion and the liability is valued at each reporting date at the LBMA daily price.

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

#### **Reserves**

Called up share capital represents the nominal value of shares that have been issued.

Share premium account includes any premiums received on the issue of share capital. Transaction costs associated with the issuing of shares are deducted from the share premium.

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

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Defined contribution pension obligation**

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

## **GALMARLEY LIMITED**

### **TRADING AS BULLIONVAULT.COM**

### **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 OCTOBER 2016**

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#### **Share based payments**

The group has entered into equity-settled share based payment transactions with its employees.

The fair value of the share options granted is recognised over the vesting period to reflect the value of the employee services received with a corresponding increase in equity.

Taking into account the inherent uncertainty in determining the fair value of options, where the fair value is considered not to be material, no amounts are recognised in the period.

#### **Client accounts**

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

#### **Office premises leasing**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### **Redeemable preference shares**

Redeemable preference shares are treated as non-current loans and borrowings, which is in accordance with FRS102.

### **3 Turnover**

The group's income is derived from its activities of enabling its customers to buy and sell gold, silver and whisky via the internet and arranging the custody of the gold, silver and whisky owned by its customers which is considered by the directors to be a single global market.

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Sale of goods	414,184	368,401
Rendering of services	7,276	6,461
Interest received	304	335
	<u>421,763</u>	<u>375,196</u>



**GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2016**

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**4 Operating profit**

Arrived at after charging/(crediting):

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Depreciation expense	17	16
Amortisation expense	-	177
	<u>17</u>	<u>193</u>

**5 Other interest receivable and similar income**

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest income on bank deposits	27	13
	<u>27</u>	<u>13</u>

**6 Interest payable and similar charges**

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest on preference shares	47	17
Interest expense on other finance liabilities	264	225
	<u>311</u>	<u>242</u>

**GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2016**

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**7 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	2,195	1,873
Social security costs	201	183
Pension costs, defined contribution scheme	75	81
Other employee expense	22	21
	<u>2,493</u>	<u>2,158</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Development and support staff	34	33
Directors	4	4
	<u>38</u>	<u>37</u>

**8 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Remuneration	124	81
Contributions paid to money purchase schemes	5	-
	<u>129</u>	<u>81</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	<b>2016</b>	<b>2015</b>
	<b>No.</b>	<b>No.</b>
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>-</u>

**GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2016**

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**9 Auditors' remuneration**

	<b>2016 £ 000</b>	<b>2015 £ 000</b>
Audit of these financial statements	46	46
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>25</u>	<u>7</u>
	<u>71</u>	<u>53</u>
<b>Other fees to auditors</b>		
Taxation compliance services	3	5
All other non-audit services	<u>16</u>	<u>10</u>
	<u>19</u>	<u>16</u>

**GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2016**

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**10 Taxation**

Tax charged/(credited) in the profit and loss account:

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	<u>1,131</u>	<u>798</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 20.41%).

The differences are reconciled below:

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit before tax	<u>5,787</u>	<u>3,407</u>
Corporation tax at standard rate	1,157	695
Effect of expense not deductible in determining taxable profit (tax loss)	3	50
Effect of tax losses	(36)	59
Tax increase (decrease) from effect of capital allowances and depreciation	1	(5)
Tax increase (decrease) arising from overseas tax suffered/expensed	(1)	(2)
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>7</u>	<u>-</u>
Total tax charge	<u>1,131</u>	<u>798</u>

**GALMARLEY LIMITED**

**TRADING AS BULLIONVAULT.COM**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 OCTOBER 2016**

**11 Intangible assets**

**Group**

	<b>Goodwill £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>		
At 1 November 2015	177	177
At 31 October 2016	177	177
<b>Amortisation</b>		
At 1 November 2015	177	177
At 31 October 2016	177	177
<b>Carrying amount</b>		
At 31 October 2016	-	-

**12 Tangible assets**

**Group**

	<b>Land and buildings £ 000</b>	<b>Furniture, fittings and equipment £ 000</b>	<b>Plant and machinery £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>				
At 1 November 2015	72	211	-	284
Additions	-	7	98	105
At 31 October 2016	72	218	98	388
<b>Depreciation</b>				
At 1 November 2015	72	183	-	255
Charge for the year	-	14	3	17
At 31 October 2016	72	197	3	272
<b>Carrying amount</b>				
At 31 October 2016	-	22	94	116
At 31 October 2015	-	29	-	29

**GALMARLEY LIMITED****TRADING AS BULLIONVAULT.COM****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 OCTOBER 2016**

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**Company**

	<b>Land and buildings £ 000</b>	<b>Furniture, fittings and equipment £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>			
At 1 November 2015	72	211	284
Additions	-	7	7
At 31 October 2016	72	218	291
<b>Depreciation</b>			
At 1 November 2015	72	183	255
Charge for the year	-	14	14
At 31 October 2016	72	197	269
<b>Carrying amount</b>			
At 31 October 2016	-	22	22
At 31 October 2015	-	29	29

**13 Investments****Company**

	<b>2016 £ 000</b>	<b>2015 £ 000</b>
Investments in subsidiaries	2,000	2,000

**Subsidiaries****£ 000****Cost or valuation**

At 1 November 2015	2,000
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**Provision****Carrying amount**

At 31 October 2016	2,000
At 31 October 2015	2,000

**GALMARLEY LIMITED****TRADING AS BULLIONVAULT.COM****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 OCTOBER 2016**

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**Details of undertakings**

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2016	2015
Subsidiary undertakings				
BullionVault Limited	England	Ordinary	100%	100%
BullionVault Clients Limited	England	Ordinary	100%	100%
Bullionvault Inc.	U.S.A	Ordinary	100%	100%
WhiskyInvestDirect Limited	England	Ordinary	87.5%	87.5%
James Eadie Limited	England	Ordinary	87.5%	87.5%

The principal activity of BullionVault Limited is managing certain group operations

The principal activity of BullionVault Clients Limited is holding of client assets

The principal activity of Bullionvault Inc. is business development

The principal activity of WhiskyInvestDirect Limited is whisky peer to peer trading platform

The principal activity of James Eadie Limited is specialist whisky developer

**14 Stocks**

	2016 £ 000	Group 2015 £ 000	2016 £ 000	Company 2015 £ 000
Gold bullion	13,917	13,071	13,917	13,071
Silver bullion	7,283	4,712	7,283	4,712
Whisky	970	2,571	-	-
	<u>22,169</u>	<u>20,354</u>	<u>21,199</u>	<u>17,783</u>

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**15 Debtors**

	<b>2016</b>	<b>Group</b>	<b>2016</b>	<b>Company</b>
	<b>£ 000</b>	<b>2015</b>	<b>£ 000</b>	<b>2015</b>
		<b>£ 000</b>		<b>£ 000</b>
Main market bullion settlements *	9,598	14,061	9,598	14,061
Foreign exchange trades*	279	331	279	331
Trade debtors	6	-	-	-
Amounts owed by group undertakings	-	-	788	319
Other debtors *	903	312	899	298
Prepayments	118	82	106	79
<b>Total current debtors</b>	<b>10,904</b>	<b>14,785</b>	<b>11,670</b>	<b>15,087</b>

\* Generally, these amounts are settled within 48 hours.

**16 Cash and cash equivalents**

	<b>2016</b>	<b>Group</b>	<b>2016</b>	<b>Company</b>
	<b>£ 000</b>	<b>2015</b>	<b>£ 000</b>	<b>2015</b>
		<b>£ 000</b>		<b>£ 000</b>
Cash at bank	24,057	17,437	20,786	16,389



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**17 Creditors**

	Note	2016 £ 000	Group 2015 £ 000	2016 £ 000	Company 2015 £ 000
<b>Due within one year</b>					
Loans and borrowings	20	7,219	5,117	7,219	5,117
Trade creditors		35	28	29	28
Main market bullion settlements *		9,665	13,945	9,665	13,945
Foreign exchange trades*		414	162	414	162
Amounts owed to group undertakings		-	-	50	32
Social security and other taxes		54	56	63	83
Other creditors *		577	91	577	91
Accrued expenses		1,326	615	1,217	557
Corporation tax	10	595	315	594	315
Dividends payable	23	64	17	-	-
		<u>19,948</u>	<u>20,348</u>	<u>19,829</u>	<u>20,331</u>
<b>Due after one year</b>					
Loans and borrowings	20	<u>4,601</u>	<u>3,710</u>	<u>3,046</u>	<u>2,155</u>

\* Generally, these amounts are settled within 48 hours.

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**18 Pension and other schemes**

**Defined contribution pension scheme**

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £76,000 (2015 - £81,000).

Contributions totalling £Nil (2015 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

**19 Share capital**

**Allotted, called up and fully paid shares**

	No. 000	2016 £ 000	No. 000	2015 £ 000
Ordinary shares of £1 each	<u>361</u>	<u>361</u>	<u>361</u>	<u>361</u>

**20 Loans and borrowings**

	2016 £ 000	Group 2015 £ 000	2016 £ 000	Company 2015 £ 000
<b>Current loans and borrowings</b>				
Other borrowings	<u>7,219</u>	<u>5,117</u>	<u>7,219</u>	<u>5,117</u>

Other borrowings include £7,204,000 (2015 - £5,106,000) in respect of loans denominated in gold and £15,000 (2015 - £11,000) of loans denominated in silver. These loans are repayable in gold or silver bullion respectively and the liability has been valued at the relevant closing pm fix as determined by the London Bullion Market Association. Interest on this debt is payable at 1.25%. Redemption of these loans can be made at any time by way of one months notice given by either the group or the lender. These loans of bullion are from individuals to the group and there is no impact on the segregation of the bullion owned by BullionVault customers.

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	<b>2016</b>	<b>Group</b>	<b>2016</b>	<b>Company</b>
	<b>£ 000</b>	<b>2015</b>	<b>£ 000</b>	<b>2015</b>
		<b>£ 000</b>		<b>£ 000</b>
<b>Non-current loans and borrowings</b>				
Redeemable preference shares	1,555	1,555	-	-
Other borrowings	3,046	2,155	3,046	2,155
	<u>4,601</u>	<u>3,710</u>	<u>3,046</u>	<u>2,155</u>

Other non-current borrowings relate to loans denominated in gold bullion of £2,826,000 (2015 - £2,004,000) and silver bullion of £220,000 (2015 - £151,000). The changes from year to year reflect changes in value and the amount of gold and silver remained constant.

The gold and silver loans have no final maturity date and can only be repaid with the agreement of both parties. It is the intention that these are long term loans to the group. As with the gold and silver loans due in less than one year, the loans are repayable in gold and silver respectively 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 and silver loans respectively based on the value of gold or silver at 31 March each year.

**21 Obligations under leases and hire purchase contracts****Group and company****Operating leases**

The total of future minimum lease payments is as follows:

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Not later than one year	100	153
Later than one year and not later than five years	-	100
	<u>100</u>	<u>253</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £152,000 (2015 - £149,000).

## **GALMARLEY LIMITED**

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#### **22 Share-based payments**

During the year ended 31 October 2006, the group established a government approved share options scheme known as Company Share Options Plans (CSOP).

The option schemes are described below:

Type of arrangement	Company Share Option Plan
Date of grant	7 December 2007
Number granted	3,890
Contractual life	10 years

The estimated fair value at the date of grant of each share option granted, based on a Directors valuation taking into account the factors at the date of grant as required by FRS 20 Share Based Payment, was £nil. The adoption of FRS102 has not required this assessment to be revisited.

	2016	2016	2015	2015
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at start of year	2,217	30.00	2,217	30.00
Granted	-	-	-	-
Exercised	-	-	-	-
Outstanding at end of year	2,217	30.00	2,217	30.00
Exercisable at end of year	2,217	30.00	2,217	30.00

The options granted on 7 December 2007 have an exercise price of £30 and as at the balance sheet date have a remaining contractual life of 2 years. The options can be exercised in stages, with no options exercised during the year. At the year end all 2,217 options could be exercised. For these options, the last possible exercise date is 31 December 2017.

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During the year ended 31 October 2013, the group established a government approved Enterprise Management Incentive (EMI) share option scheme.

The option scheme is described below:

Type of arrangement	EMI
Date of grant	1 May 2013
Number granted	9,316
Contractual life	10 years

The directors considered the fair value at the date of grant of each share option granted as required by FRS 20 Share Based Payment, which was in place at the date of grant. Taking into account the uncertainty of the various inputs to option pricing models for this and similar companies, the directors considered that the fair value of the share options granted would not lead to a material profit and loss charge being required and accordingly no share based payment charge was made. The adoption of FRS102 has not required this assessment to be re-visited.

	2016	2016	2015	2015
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at start of year	9,316	174.93	9,316	174.93
Granted	-	-	-	-
Forfeited	(886)	280.78	-	-
Exercised	-	-	-	-
Outstanding at end of year	8,430	163.80	9,316	174.93
Exercisable at end of year	7,863	164.34	7,131	175.98

The share options granted on 1 May 2013 have varying exercise prices and vesting periods.

Options over 6,708 shares are exercisable at £156.36 and options over 1,722 shares are exercisable at £192.78.

At the balance sheet date, 7,863 options could be exercised with further options being able to be exercised at various dates until 1 May 2018.

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**23 Dividends**

	<b>2016</b> <b>£ 000</b>	<b>2015</b> <b>£ 000</b>
Interim dividend of £1.40 (2015 - £0.70) per ordinary share	<u>505</u>	<u>253</u>

**24 Related party transactions**

**Group**

**Key management personnel**

**Summary of transactions with key management**

The only key management personnel are the directors. The aggregate compensation paid to them is the amount shown in note 8, Directors' Remuneration.

During the year the group paid dividends totalling £210,118 (2015 - £105,059) to one of the directors. The director also made personal purchases of whisky from the group totalling £155,000 (2015 - £290,000) which have been fully settled as a normal client paying in personal funds.

Included within other borrowings are loans of gold and silver to the group to support its trading activities from P G Tustain and his spouse. Interest is paid at 7% pa based on the valuation of the gold or silver at 31 March each year and interest of £220,000 (2015 - £125,000) has been charged to the profit and loss account. These loans have no final maturity date and can only be redeemed with the agreement of the group. At the balance sheet date the group owed P G Tustain and his spouse £2,397,000 (2015 - £1,694,000).

Included within other borrowings are loans of gold to the group to support its trading activities from the personal pension scheme of P G Tustain. Interest is paid at 7% pa based on the valuation of the gold or silver at 31 March each year and interest of £21,000 (2015 - £18,000) has been charged to the profit and loss account. These loans have no final maturity date and can only be redeemed with the agreement of the group. At the balance sheet date the amount due to the pension scheme was £345,000 (2015 - £244,000).

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#### **Summary of transactions with other related parties**

Included within other borrowings due in more than one year are loans of gold and silver to the company to support its trading activities from a wife of a director and a personal pension scheme of one of the directors. Interest is paid at 7% pa based on the valuation of the gold or silver at 31 March each year and interest of £110,000 (2015 - £67,000) has been charged to the profit and loss account. These loans have no final maturity date and can only be redeemed with the agreement of the group. At the balance sheet date the group owed the wife of a director and the pension scheme £1,817,000 (2015 - £1,284,000).

#### **Company**

#### **Key management personnel**

#### **Summary of transactions with key management**

The only key management personnel are the directors. The aggregate compensation paid to them is the amount shown in note 8, Directors' Remuneration.

During the year the company paid dividends totalling £210,118 (2015 - £105,059) to one of the directors.

Included within other borrowings are loans of gold and silver to the company to support its trading activities from P G Tustain and his spouse. Interest is paid at 7% pa based on the valuation of the gold or silver at 31 March each year and interest of £220,000 (2015 - £125,000) has been charged to the profit and loss account. These loans have no final maturity date and can only be redeemed with the agreement of the company. At the balance sheet date the company owed P G Tustain and his spouse £2,397,000 (2015 - £1,694,000).

Included within other borrowings are loans of gold to the company to support its trading activities from the personal pension scheme of P G Tustain. Interest is paid at 7% pa based on the valuation of the gold or silver at 31 March each year and interest of £21,000 (2015 - £18,000) has been charged to the profit and loss account. These loans have no final maturity date and can only be redeemed with the agreement of the company. At the balance sheet date the amount due to the pension scheme was £345,000 (2015 - £244,000).

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**Summary of transactions with subsidiaries**

The company maintains interest free intercompany accounts with its subsidiaries which are repayable on demand and are primarily used for costs related to IT and other services provided by the company or other suppliers. At the balance sheet date the company was due £703,000 (2015 - £294,000) from its subsidiaries which are not wholly owned.

The company has taken advantage of the exemption in FRS102 paragraph 33.1A from disclosing transactions and balances from wholly owned subsidiaries.