

Company Registration number: 04943684

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

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GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

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GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

COMPANY INFORMATION

Directors R P Glynne
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 2017

The directors present their strategic report for the year ended 31 October 2017.

Fair review of the business

2017 results

In a quiet market for precious metals the group made modest progress in the year to 31 October 2017. By the year end BullionVault has had 69,341 users (2016: 64,147). In this, the tenth full year of trading bullion, sales amounted to £250m (2016: £422m). We missed sales and revenue from EBT schemes, but these were always recognised to be a non-recurring revenue stream likely to be lost, and indeed a change in legislation effective in March 2016 saw their contribution to the year to October 2017 drop to zero.

Profits before tax fell to £3.14m (2016: £5.79m).

Our custody revenues rose well, again, by 19%. Gold tonnage stored was up again (+4.9%) and silver tonnage grew healthily (+9%). These improvements continue to compare favourably against our peers.

Our commission revenues were sharply lower - again reflecting the cessation of the EBT transactions.

Interest received was down again, at £0.2m.

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 9.4 / 10 [Excellent].

Costs remain well controlled and the group's accounting policies remain consistent from year to year.

Gold

The gold price has been relatively non-volatile, sliding slowly in GBP, recording a 9% price fall (though of course much of this was because of GBP appreciation).

As at 31 Oct 2017 we were looking after 38.05 tonnes (2016: 36.27 tonnes).

Silver

Silver prices fell 13% in the year in GBP terms.

As at 31 Oct 2017 we were looking after 689.6 tonnes (2016: 633 tonnes).

Platinum

In March 2017 we added platinum to our products. In this we were supported by the World Platinum Investment Council. Platinum prices had already suffered from the diesel emissions scandal and may continue to suffer from it for some time. Prices have been - unusually - cheaper than gold. We regarded this as a good time to commence a platinum offering, and we have been very encouraged by the result, which surpassed all our expectations in reaching 300kg in its first 7 months.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

Headcount

During the year under review our staff headcount remained stable at 34 with a further 4 Directors.

Financial strength

The group again consolidated its finances, though by less than previously, because having reached a wholly satisfactory level of reserves the group changed its policy on dividends and paid out a larger proportion of the profits to shareholders. At the year-end we retain net shareholders' funds of £33.4 million (2016: £32.7m) which sum is mostly held in immediately marketable bullion, or in cash held at call. Post balance sheet date this will have been depleted by the January 2018 dividend payment.

The increased dividend of £5.50 returned about £2m to our shareholders in January 2017. The dividend was maintained at the same level to be paid to shareholders in January 2018 in respect of 2017 profits.

Current market position and trading

BullionVault is by a wide margin the leading supplier of main-market gold bullion to the UK retail customer and is a significant player on the world stage.

Currency fluctuations in the year to Oct 2017 - namely stronger Sterling - depressed profits reported in Sterling.

It is likely that the Bitcoin phenomenon also impacted profits in 2017. We believe it will have taken a proportion of money which was looking to exit the major currencies, and which might otherwise have found a long-term home in bullion. Despite some commercial pressure we elected to avoid participating in Bitcoin or indeed any other crypto currencies. We remain sceptical about them but retain an open mind for this very youthful marketplace.

As always, we will post lower profits when Sterling appreciates as it did in 2017, 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. 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 (as in 2016).

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 have not changed our sceptical position on Quantitative Easing in Europe and on wider monetary policy issues which we believe favour gold and gold owners. We regard the ultimate failure of these sorts of policy experiments as being both relatively likely and materially beneficial to the group - 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.

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 2017

WhiskyInvestDirect

We continue to be pleased with the progress of WhiskyInvestDirect. It has attracted over 1500 customers (2016: 1,000) who have between them bought approximately 4.2m LPA of maturing barrel whisky.

Only two and a half years after launch WID is profitable. It has now eliminated the deficit on reserves resulting from launch costs. It is in the process of paying down the modest backlog of preference share dividends. WID 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.

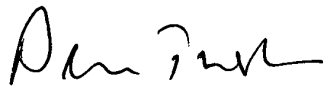
WID's wholly owned brand subsidiary, James Eadie Ltd, continued to market specialist bottlings, and re-launched its own historic blend 'James Eadie - Trademark X' which has been well received by reviewers and commentators. James Eadie is running at a loss, which is likely to continue for some years as it develops its market position and presence.

Results and dividends

An interim dividend of £5.50 per £1 ordinary share was paid during the year.

The company paid a further dividend of £5.50 per £1 ordinary share to holders of shares as at 27 January 2018.

Approved by the Board on 20/2/18 and signed on its behalf by:



P G Tustain
Director

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

The directors present their report and the consolidated financial statements for the year ended 31 October 2017.

Directors of the group

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

R P Glynne

G Lockwood

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

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

Policies

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

1. Gold, silver and platinum 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 gold or a foreign currency. Given that the group has shareholders' funds amounting to approximately £33m 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 2017

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.

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TRADING AS BULLIONVAULT.COM

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

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 I 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 £33m 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

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

Market risk

The group is exposed to movements in the gold price. It maintains an unhedged gold inventory of approximately 70kg (previously 50kg) 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 32% (£11m) of our shareholders' funds in US\$, although this was reduced during the last financial year and is currently maintained at about \$2.5m.

We do not seek to hedge these balances entirely out of market risk. At current prices a maximum long of 94kg undergoing a two percent price fall in gold - which would be a sharp one day move - costs the group about £58,000 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 €, platinum 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 2017

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.

Data breach (hacking) is also a material risk.

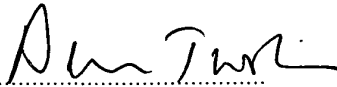
Future Developments

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.

Approved by the Board on 20/2/18 and signed on its behalf by:



P G Tustain
Director

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALMARLEY LIMITED

Opinion

We have audited the financial statements of Galmarley Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2017, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 October 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALMARLEY LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALMARLEY LIMITED

Responsibilities of directors

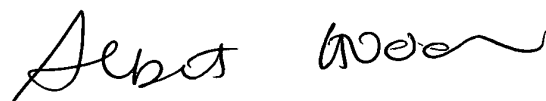
As explained more fully in the Statement of Directors' Responsibilities [set out on page 11], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



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

23 March 2018

GALMARLEY LIMITED

**TRADING AS BULLIONVAULT.COM
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 OCTOBER 2017**

	Note	2017 £ 000	2016 £ 000
Turnover	3	249,980	421,763
Cost of sales		<u>(243,592)</u>	<u>(411,917)</u>
Gross profit		6,388	9,846
Administrative expenses		(3,103)	(3,837)
Other operating income		<u>171</u>	<u>61</u>
Operating profit	4	3,456	6,071
Other interest receivable and similar income	5	10	27
Interest payable and similar charges	6	<u>(327)</u>	<u>(311)</u>
Profit before tax		3,139	5,787
Taxation	10	<u>(609)</u>	<u>(1,131)</u>
Profit for the financial year		<u>2,530</u>	<u>4,656</u>
Profit/(loss) attributable to:			
Owners of the company		2,518	4,637
Minority interests		<u>12</u>	<u>19</u>
		<u>2,530</u>	<u>4,656</u>

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2017**

	2017	2016
	£ 000	£ 000
Profit for the year	<u>2,530</u>	<u>4,656</u>
Total comprehensive income for the year	<u><u>2,530</u></u>	<u><u>4,656</u></u>
Total comprehensive income attributable to:		
Owners of the company	2,518	4,637
Minority interests	<u>12</u>	<u>19</u>
	<u><u>2,530</u></u>	<u><u>4,656</u></u>

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

(REGISTRATION NUMBER: 04943684)

CONSOLIDATED BALANCE SHEET AS AT 31 OCTOBER 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Intangible assets	11	19	-
Tangible assets	12	252	116
		<u>272</u>	<u>116</u>
Current assets			
Stocks	14	21,741	22,169
Debtors	15	9,219	10,904
Cash at bank and in hand		25,200	24,057
		<u>56,159</u>	<u>57,130</u>
Creditors: Amounts falling due within one year	17	<u>(18,646)</u>	<u>(19,948)</u>
Net current assets		<u>37,514</u>	<u>37,182</u>
Total assets less current liabilities		37,786	37,298
Creditors: Amounts falling due after more than one year	17	(4,362)	(4,601)
Provisions for liabilities	18	<u>(37)</u>	<u>-</u>
Net assets		<u>33,386</u>	<u>32,697</u>
Capital and reserves			
Called up share capital	20	363	361
Share premium reserve		8,462	8,369
Profit and loss reserve		24,311	23,730
Equity attributable to owners of the company		<u>33,137</u>	<u>32,460</u>
Minority interests		<u>249</u>	<u>237</u>
Total equity		<u>33,386</u>	<u>32,697</u>

Approved and authorised by the Board on 20/2/18 and signed on its behalf by:



P G Tustain
Director

GALMARLEY LIMITED

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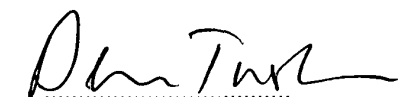
(REGISTRATION NUMBER: 04943684)

BALANCE SHEET AS AT 31 OCTOBER 2017

	Note	2017 £ 000	2016 £ 000
Fixed assets			
Intangible assets	11	19	-
Tangible assets	12	35	22
Investments	13	2,000	2,000
		<u>2,054</u>	<u>2,022</u>
Current assets			
Stocks	14	18,485	21,199
Debtors	15	9,572	11,670
Cash at bank and in hand		22,442	20,786
		<u>50,500</u>	<u>53,656</u>
Creditors: Amounts falling due within one year	17	<u>(16,408)</u>	<u>(19,829)</u>
Net current assets		<u>34,091</u>	<u>33,827</u>
Total assets less current liabilities		36,145	35,849
Creditors: Amounts falling due after more than one year	17	<u>(2,807)</u>	<u>(3,046)</u>
Net assets		<u>33,338</u>	<u>32,803</u>
Capital and reserves			
Called up share capital		363	361
Share premium reserve		8,462	8,369
Profit and loss reserve		24,512	24,073
Total equity		<u>33,338</u>	<u>32,803</u>

The company made a profit after tax for the financial year of £2,375,938 (2016 - profit of £4,506,047).

Approved and authorised by the Board on 20/2/18 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 2017**

	Ordinary share capital £ 000	Share premium £ 000	Profit and loss reserve £ 000	Total £ 000	Non- controlling interests £ 000	Total equity £ 000
At 1 November 2016	361	8,369	23,730	32,460	237	32,697
Movement in year:						
Profit for the year	-	-	2,518	2,518	12	2,530
Total comprehensive income	-	-	2,518	2,518	12	2,530
Dividends	-	-	(1,997)	(1,997)	-	(1,997)
New share capital subscribed	3	93	-	96	-	96
Share based payment transactions	-	-	60	60	-	60
Total movement for the year	3	93	581	677	12	689
At 31 October 2017	363	8,462	24,311	33,137	249	33,386

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2017**

	Ordinary share capital £ 000	Share premium £ 000	Profit and loss reserve £ 000	Total £ 000	Non- controlling interests £ 000	Total equity £ 000
At 1 November 2015	361	8,369	19,599	28,328	218	28,546
Movement in year:						
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
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2017

	Ordinary share capital £ 000	Share premium £ 000	Profit and loss reserve £ 000	Total £ 000
At 1 November 2016	361	8,369	24,073	32,803
Movement in year:				
Profit for the year	-	-	2,376	2,376
Total comprehensive income	-	-	2,376	2,376
Dividends	-	-	(1,997)	(1,997)
New share capital subscribed	3	93	-	96
Share based payment transactions	-	-	60	60
	3	93	439	535
At 31 October 2017	363	8,462	24,512	33,338
	Ordinary share capital £ 000	Share premium £ 000	Profit and loss reserve £ 000	Total £ 000
At 1 November 2015	361	8,369	20,072	28,802
Movement in year:				
Profit for the year	-	-	4,506	4,506
Total comprehensive income	-	-	4,506	4,506
Dividends	-	-	(505)	(505)
	-	-	4,001	4,001
At 31 October 2016	361	8,369	24,073	32,803

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2017

	Note	2017 £ 000	2016 £ 000
Cash flows from operating activities			
Profit for the year		2,530	4,656
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	32	17
Financial instrument net gains (losses) through profit and loss		936	2,992
Finance income	5	(10)	(27)
Finance costs	6	327	311
Share based payment transactions		60	-
Income tax expense	10	609	1,131
		<u>4,484</u>	<u>9,080</u>
Working capital adjustments			
Decrease/(increase) in stocks	14	429	(1,815)
Decrease in trade debtors	15	1,685	3,834
Decrease in trade creditors	17	(2,253)	(2,780)
Cash generated from operations		<u>4,344</u>	<u>8,319</u>
Income taxes paid	10	(840)	(852)
Net cash flow from operating activities		<u>3,503</u>	<u>7,467</u>
Cash flows from investing activities			
Interest received		10	27
Acquisitions of tangible assets		(168)	(105)
Acquisition of intangible assets	11	(20)	-
Net cash flows from investing activities		<u>(178)</u>	<u>(78)</u>
Cash flows from financing activities			
Interest paid	6	(281)	(264)
Proceeds from issue of ordinary shares, net of issue costs		95	-
Dividends paid		(1,997)	(505)
Net cash flows from financing activities		<u>(2,183)</u>	<u>(769)</u>
Net increase in cash and cash equivalents		1,143	6,620
Cash and cash equivalents at 1 November 2016		<u>24,057</u>	<u>17,437</u>
Cash and cash equivalents at 31 October 2017		<u>25,200</u>	<u>24,057</u>

GALMARLEY LIMITED

**TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

12th Floor
Landmark House
Blacks Road
London
W6 9DP
United Kingdom

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'.

Basis of preparation

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

These financial statements are presented in Sterling (£).

Departure from requirements of FRS 102

Bullion stocks are valued at their net realisable value, which is a departure from the requirements of FRS 102. This departure is further explained within the stocks accounting policy.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 October 2017.

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 2017

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.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, 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 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.

Deferred tax is recognised on timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred tax liabilities are presented within provisions for liabilities on the balance sheet

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 charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Short leasehold improvements
Fixtures, fittings and equipment
Plant and machinery

Depreciation method and rate

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

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2017

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.

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 assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Over its expected useful economic life
Other intangible assets	Straight line over 20 years

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.

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.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2017

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.

Stocks

Stocks consist of gold, silver and platinum bullion and whisky held by the group.

Gold, silver and platinum 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 of stocks 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 FRS102, 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 and wholly consistent with the operation of the group's business. It is not possible to quantify the impact of departing from FRS102 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 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 2017

Borrowings

The other borrowings shown in note 21 are denominated in bullion and are initially recorded at fair value.

They are subsequently measured at fair value, with the movement through the profit and loss account. The interest expense is recognised on an accruals basis for the interest due for the reporting period 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.

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.

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.

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 profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. 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 2017

Share based payments

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Client accounts

The group operates separately designated client accounts in each currency in which the group trades. Customers are only able to purchase bullion or whisky once the group has received cleared money and this money is paid to and held in the separately designated financial accounts. 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.

Operating 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, platinum and whisky via the internet and arranging the custody of the gold, silver, platinum and whisky owned by its customers which is considered by the directors to be a single global market.

	2017	2016
	£ 000	£ 000
Sale of goods	243,010	413,980
Commission and fee income	6,788	7,480
Interest received	181	304
	<u>249,980</u>	<u>421,763</u>

GALMARLEY LIMITED

**TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

4 Operating profit

Arrived at after charging/(crediting):

	2017	2016
	£ 000	£ 000
Depreciation expense	<u>31</u>	<u>17</u>

5 Other interest receivable and similar income

	2017	2016
	£ 000	£ 000
Interest income on bank deposits	<u>10</u>	<u>27</u>

6 Interest payable and similar expenses

	2017	2016
	£ 000	£ 000
Interest on preference shares	47	47
Interest expense on other finance liabilities	<u>281</u>	<u>264</u>
	<u>327</u>	<u>311</u>

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

7 Staff costs

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

	2017	2016
	£ 000	£ 000
Wages and salaries	1,939	2,195
Social security costs	211	201
Pension costs, defined contribution scheme	91	75
Share-based payment expenses	60	-
Other employee expense	9	22
	<u>2,310</u>	<u>2,493</u>

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

	2017	2016
	No.	No.
Development and support staff	34	34
Directors	4	4
	<u>38</u>	<u>38</u>

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2017 £ 000	2016 £ 000
Remuneration	320	124
Contributions paid to money purchase schemes	30	5
Share-based payment expenses	43	-
	<u>392</u>	<u>130</u>

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

	2017 No.	2016 No.
Received or were entitled to receive shares under long term incentive schemes	1	1
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>1</u>

9 Auditors' remuneration

	2017 £ 000	2016 £ 000
Audit of these financial statements	41	46
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>23</u>	<u>25</u>
	<u>64</u>	<u>71</u>
Other fees to auditors		
Taxation compliance services	3	3
All other assurance services	<u>6</u>	<u>16</u>
	<u>8</u>	<u>19</u>

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

10 Taxation

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

	2017 £ 000	2016 £ 000
Current taxation		
UK corporation tax	587	1,131
UK corporation tax adjustment to prior periods	(15)	-
	<u>572</u>	<u>1,131</u>
Deferred taxation		
Arising from origination and reversal of timing differences	37	-
Tax expense in the profit and loss account	<u>609</u>	<u>1,131</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2016 - the same as the standard rate of corporation tax in the UK) of 19.41% (2016 - 20%).

The differences are reconciled below:

	2017 £ 000	2016 £ 000
Profit before tax	<u>3,139</u>	<u>5,787</u>
Corporation tax at standard rate	609	1,157
Effect of expense not deductible in determining taxable profit (tax loss)	21	3
Decrease from tax losses for which no deferred tax asset was recognised	(13)	(36)
Decrease in UK and foreign current tax from adjustment for prior periods	(15)	-
Tax increase from effect of capital allowances and depreciation	7	1
Tax decrease arising from overseas tax suffered/expensed	-	(1)
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	7
Total tax charge	<u>609</u>	<u>1,131</u>

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

11 Intangible assets

Group

	Goodwill £ 000	Other intangible assets £ 000	Total £ 000
Cost or valuation			
At 1 November 2016	177	-	177
Additions acquired separately	-	20	20
At 31 October 2017	177	20	197
Amortisation			
At 1 November 2016	177	-	177
Amortisation charge	-	1	1
At 31 October 2017	177	1	178
Carrying amount			
At 31 October 2017	-	19	19

Company

	Other intangible assets £ 000	Total £ 000
Cost or valuation		
Additions acquired separately	20	20
At 31 October 2017	20	20
Amortisation		
Amortisation charge	1	1
At 31 October 2017	1	1
Carrying amount		
At 31 October 2017	19	19

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

12 Tangible assets

Group

	Short leasehold improvements £ 000	Furniture, fittings and equipment £ 000	Plant and machinery £ 000	Total £ 000
Cost or valuation				
At 1 November 2016	72	218	98	388
Additions	-	31	137	168
At 31 October 2017	72	249	235	556
Depreciation				
At 1 November 2016	72	197	3	272
Charge for the year	-	18	13	31
At 31 October 2017	72	215	17	304
Carrying amount				
At 31 October 2017	-	35	218	252
At 31 October 2016	-	22	94	116

GALMARLEY LIMITED

**TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017**

Company

	Short leasehold improvements £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation			
At 1 November 2016	72	218	291
Additions	-	31	31
At 31 October 2017	72	249	322
Depreciation			
At 1 November 2016	72	197	269
Charge for the year	-	18	18
At 31 October 2017	72	215	287
Carrying amount			
At 31 October 2017	-	35	35
At 31 October 2016	-	22	22

GALMARLEY LIMITED**TRADING AS BULLIONVAULT.COM****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 OCTOBER 2017**

13 Investments**Company**

	2017	2016
	£ 000	£ 000
Investments in subsidiaries	<u>2,000</u>	<u>2,000</u>

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

At 1 November 2016

2,000**Carrying amount**

At 31 October 2017

2,000

At 31 October 2016

2,000**Details of undertakings**

Details of the investments (including principal place of business of unincorporated entities) 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	
			2017	2016
Subsidiary undertakings				
Bullionvault Limited	England	Ordinary	100%	100%
BullionVault Clients Limited	England	Ordinary	100%	100%
WhiskyInvestDirect Ltd	England	Ordinary	87.5%	87.5%
James Eadie Limited	England	Ordinary	87.5%	87.5%

The principal activity of Bullionvault Limited is the trading of high integrity platinum

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

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

The principal activity of James Eadie Limited is specialist whisky developer

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

14 Stocks

	2017	Group	2017	Company
	£ 000	2016	£ 000	2016
		£ 000		£ 000
Gold bullion	11,736	13,917	11,736	13,917
Silver bullion	6,749	7,283	6,749	7,283
Platinum bullion	1,970	-	-	-
Whisky	1,048	970	-	-
Other stocks	237	-	-	-
	<u>21,741</u>	<u>22,169</u>	<u>18,485</u>	<u>21,199</u>

15 Debtors

	2017	Group	2017	Company
	£ 000	2016	£ 000	2016
		£ 000		£ 000
Main market bullion settlements*	8,086	9,598	7,790	9,598
Foreign exchange trades*	441	279	441	279
Trade debtors	65	6	5	-
Amounts owed by group undertakings	-	-	826	788
Other debtors	503	903	403	899
Prepayments	124	118	107	106
	<u>9,219</u>	<u>10,904</u>	<u>9,572</u>	<u>11,670</u>

* Generally, these amounts are settled within 48 hours.

16 Cash and cash equivalents

	2017	Group	2017	Company
	£ 000	2016	£ 000	2016
		£ 000		£ 000
Cash at bank	<u>25,200</u>	<u>24,057</u>	<u>22,442</u>	<u>20,786</u>

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017

17 Creditors

		2017	Group	2017	Company
	Note	£ 000	2016	£ 000	2016
			£ 000		£ 000
Due within one year					
Loans and borrowings	21	8,392	7,219	6,680	7,219
Trade creditors		41	35	36	29
Main market bullion settlements*		8,180	9,665	7,884	9,665
Foreign exchange trades*		463	414	463	414
Amounts owed to group undertakings		-	-	92	50
Social security and other taxes		116	54	110	63
Other creditors		70	577	66	577
Accrued expenses		948	1,326	762	1,217
Corporation tax	10	326	595	314	594
Preference share dividends accrued	24	110	64	-	-
		<u>18,646</u>	<u>19,948</u>	<u>16,408</u>	<u>19,829</u>
Due after one year					
Loans and borrowings	21	<u>4,362</u>	<u>4,601</u>	<u>2,807</u>	<u>3,046</u>

* Generally, these amounts are settled within 48 hours.

18 Deferred tax and other provisions

Deferred tax

Group

Deferred tax assets and liabilities

2017

Liability
£ 000

Accelerated capital allowances

37

GALMARLEY LIMITED

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19 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 £91,498 (2016 - £75,334).

20 Share capital

Allotted, called up and fully paid shares

	No. 000	2017 £ 000	No. 000	2016 £ 000
Ordinary shares of £1 each	<u>363</u>	<u>363</u>	<u>361</u>	<u>361</u>

New shares allotted

During the year 2,590 Ordinary shares having an aggregate nominal value of £2,590 were allotted for an aggregate consideration of £96,014.

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21 Loans and borrowings

	2017	Group	2017	Company
	£ 000	2016	£ 000	2016
		£ 000		£ 000
Current loans and borrowings				
Other borrowings	<u>8,392</u>	<u>7,219</u>	<u>6,680</u>	<u>7,219</u>

Other loans include £6,667,000 (2016 - £7,204,000) in respect of loans denominated in gold, £13,000 (2016 - £15,000) of loans denominated in silver and £1,712,000 of loans denominated in platinum. These loans are repayable in gold, silver and platinum bullion respectively and the liability has been valued at the relevant closing pm fix as determined by the London Bullion Market Association.

Interest on the gold and silver debts 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.

The platinum loan is repayable on 2 March 2018 and interest on the platinum loan is payable at 2.5%.

	2017	Group	2017	Company
	£ 000	2016	£ 000	2016
		£ 000		£ 000
Non-current loans and borrowings				
Redeemable preference shares	1,555	1,555	-	-
Other borrowings	<u>2,807</u>	<u>3,046</u>	<u>2,807</u>	<u>3,046</u>
	<u>4,362</u>	<u>4,601</u>	<u>2,807</u>	<u>3,046</u>

The loans due in more than one year relate to loans denominated in gold bullion of £2,616,000 (2016 - £2,826,000) and silver bullion of £192,000 (2016 - £220,000). 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 relevant 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

Redeemable convertible preference shares

The redeemable preference shares issued by subsidiary company WhiskyInvestDirect Limited are accounted for as debt rather than equity in accordance with accounting standards.

The redeemable convertible preference shares are redeemable at the option of the holder between 1 May 2019 and 31 May 2019 or 1 May 2025 and 31 May 2025. They are redeemable at £1 per share together with any unpaid cumulative preference dividend at the time of redemption and carry no voting rights. The holder has the right to purchase one ordinary share of £0.01 each per preference share redeemed between 1 May 2025 and 31 May 2025 for consideration of £1 each. If the shares are not redeemed by the holder during either of the periods above then the company can enforce redemption after 31 May 2025.

22 Obligations under leases and hire purchase contracts

Group and company

Operating leases

The total of future minimum lease payments is as follows:

	2017	2016
	£ 000	£ 000
Not later than one year	157	100
Later than one year and not later than five years	549	-
	<u>706</u>	<u>100</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £156,000 (2016 - £152,000).

GALMARLEY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2017

23 Share-based payments

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

The option scheme, where options remained during the year, is 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 which was in place at the date of grant, was £nil. The adoption of FRS102 has not required this assessment to be revisited.

	2017	2017	2016	2016
	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	2,217	30.00	-	-
Outstanding at end of year	-	-	2,217	30.00
Exercisable at end of year	-	-	2,217	30.00

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FOR THE YEAR ENDED 31 OCTOBER 2017**

During the year ended 31 October 2013, the company 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.

	2017	2017	2016	2016
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at start of year	8,430	163.80	9,316	174.93
Granted	-	-	-	-
Forfeited	-	-	(886)	280.78
Exercised	-	-	-	-
Modified	(6,335)	156.36	-	-
Outstanding at end of year	2,095	186.30	8,430	163.80
Exercisable at end of year	2,095	186.30	7,863	164.34

During the year a modification to the scheme occurred with options over 6,335 shares exercisable at £156.36 transferred to the company's new share option schemes.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

During the year ended 31 October 2017, the company granted new share options with scheme details set out below.

The fair value of these equity settled options is estimated at the date of grant using the Black - Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The services received are recognised over the expected vesting period.

The expense recognised for equity settled share based payments in respect of employee services received during the year to 31 October 2017 is £60,154 (2016 - £nil).

	2017	2017
	Number of options	Weighted average exercise price £
Outstanding at start of year	-	-
Granted	12,680	90.45
Forfeited	(1,305)	90.11
Exercised	(373)	79.10
Outstanding at end of year	11,002	90.87
Exercisable at end of year	7,363	83.00

The share options were granted on 22 February 2017 and have varying exercise prices and vesting periods with a contractual life of 10 years.

24 Dividends

	2017 £ 000	2016 £ 000
Interim dividend of £5.50 (2016 - £1.40) per ordinary share	<u>1,997</u>	<u>505</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2017

25 Contingent liabilities

Company

The company has provided a guarantee in respect of a bullion loan that its subsidiary, Bullionvault Limited, has with its bank. At the balance sheet date the amount guaranteed was £1,712,000 (2016 - £nil).

26 Related party transactions

Company

Key management personnel

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 £810,612 (2016 - £210,118) 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 £156,000 (2016 - £144,000) 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 £2,205,000 (2016 - £2,397,000).

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 £22,000 (2016 - £21,000) 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 £319,000 (2016 - £345,000).

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, operational and financial support provided by the company. At the balance sheet date the company was due £541,000 (2016 - £703,000) from its subsidiaries which are not wholly owned.