

Registered number: 06629106

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## SHARPS PIXLEY LIMITED

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### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



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**SHARPS PIXLEY LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	A Habluetzel T K Porzel
<b>Registered number</b>	06629106
<b>Registered office</b>	54 St. James' Street London SW1A 1JT
<b>Statutory auditor</b>	Deloitte LLP London, United Kingdom

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**SHARPS PIXLEY LIMITED**

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## SHARPS PIXLEY LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Introduction

The directors present their Strategic report for Sharps Pixley Limited ("the company") for the year ended 31 December 2019.

#### Business review and future developments

Trading activity has increased on the year, with turnover increasing by £3,009,865 from £54,761,296 in 2018 to £57,771,161 in 2019, although margins remain low, as expected, in this market.

Gross profit has risen strongly since the prior year from £1,313,502 to £1,770,751, an increase of 35%, with a continued drive to create even more efficiencies in the business. The loss for the year was £912,206 (2018 £418,498) while noting that 2018's result was impacted by the amendment of a depreciation rate to fixed assets.

The year saw increased spending on advertisement of £266,876 (2018 - £ 126,590) along with some notable write offs of receivables of £78,265. Additionally, we note the movements in foreign exchange, with losses of £82,065 in 2019 and gains of £189,144 in 2018. Noting these movements, the results of 2019 were an improvement on the prior year.

We also note the increased cash balance of £986,133, from £565,391 in 2018 to £1,551,524 in 2019.

Sharps Pixley is accustomed to economic uncertainties which are likely to remain prevalent for considerable time and indeed it is precisely these sorts of conditions that impact gold investment positively. These conditions will continue to influence strategy and performance. The directors intend to focus on increasing trade and reducing costs to reduce the losses and create profitability in the coming years.

We are pleased with both the expansion of our sales efforts to high net worth individual clients, through walk ins and through our online platform. Encouragingly we continue to see growth in vaulting and safe deposit box customers which provides annuity income which is highly retentive.

The progression of COVID-19 has demonstrated that the existing operational set-up is effective, even in the current crisis. Customer requests can be redirected to the web-shop, and only smaller purchase transactions are having to be declined as they require the physical presence of the salesperson in store.

The web-shop can be operated from the office premises as well as by employees working from home, making it possible to create a team with a "quarantine option". The postage system has proved to be a limiting factor, and due to the overwhelming volume of mail, deliveries occasionally suffer considerable delays, although customers are made aware of this in advance.

Safe deposit box customers are given continuous access to the premises, by prior appointment. Customers are reacting to the production-related shortage of supply by switching to other products. In this context, a considerable slump in sales is not anticipated. The combination of rising demand and a simultaneous shortage of supply is leading to higher trading margins. In addition, with the use of hedging instruments, it is possible to manage price volatility in terms of risk.

In view of the current crisis and its impact on the industry, the company can continue to be assured of the Group's full financial support. On 18 December 2019, Clair AG waived a debt owed by the company of £8,836,242 by means of a deed of waiver. The balance was transferred to the Profit and loss account, and has therefore greatly benefited the capital position of the company. The parent company is determined and financially able to survive this crisis and to subsequently enjoy a stronger market presence.

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## SHARPS PIXLEY LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Financial instruments

The company uses financial instruments that comprise trade debtors and trade creditors, and other debtors and other creditors which arise directly from its operations.

#### Principal risks and uncertainties

Risk is inherent in the company's business and activities. The company's ability to identify, assess, monitor and manage each type of risk is an important factor to the performance and future development of the company.

The principal risks faced by the company are market risk and liquidity risk. The primary market risk to the company is metal price movements and foreign currency movements. The company manages this by matching deals placed by customers, at the time of ordering, with its major supplier. Liquidity risk is managed by making sure funds are on account before transmission and that they are immediately accessible. The company is also reliant on the support provided by the parent company. Other risks the company strives to protect itself from include negative KYC and AML issues and staff remain trained and constantly updated to mitigate against those possible problems.

Additionally, the company has considered the impact of BREXIT and, consistent with the comments from the London Bullion Market Association (LBMA), we do not consider this to pose a significant risk to the business other than a potential slowdown in trading activity while investors consider their options. Furthermore, the LBMA suggest that the preferential tax treatment of precious metals under the TMO (Terminal Markets Order) is also likely to remain in force.

The company has also considered the risks posed by COVID-19. In the event of a further lockdown, there is a risk of supply bottlenecks if suppliers fail or their production options are restricted due to national regulations. The company has considered the option of increasing stock to mitigate this risk but has ruled this out as it would tie up large amounts of financial resources.

It is noted that this issue would affect the entire industry not specifically the company. Since precious metals are not consumed but serve as a financial investment, this results in a lower risk that customers will switch to other consumer goods during these difficulties. Turnover however will end up being spread out over time, but customer demand will be maintained.

#### Financial key performance indicators

We consider that the company's key performance indicators are those that communicate the financial performance and strength of the company as a whole, these being the turnover, gross profit, and cash. Please refer to the above section 'Business review and future developments' for a qualitative analysis of the key performance indicators.

	2019 £	2018 £
Turnover	57,771,161	54,761,296
Gross profit	1,770,751	1,313,502
Cash at bank and in hand	1,551,524	565,391

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**SHARPS PIXLEY LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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This report was approved by the board on *July 20<sup>th</sup> 2020* and signed on its behalf.



**T K Porzel**  
Director

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## SHARPS PIXLEY LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their report and the financial statements for the year ended 31 December 2019.

#### Results and dividends

The loss for the year, after taxation, amounted to £912,206 (2018 - £418,498).

No dividends were paid in the current year or prior year. No dividends have been declared post year end.

#### Going concern assumption

The accounts have been prepared on a going concern basis on the assumption that adequate financial resources will continue to be made available from the parent company for at least twelve months from approval of the financial statements. The parent company has provided an undertaking of its continued support for the foreseeable future, and the directors have considered the ability of the parent company to provide support and are comfortable that it is in a position to do so, having assessed its financial position and forecasts, including the impact of COVID 19, its capital position, and future liquidity.

In the event that the company continues to make losses for the foreseeable future, the company's ability to operate will be dependent on the continued financial support of the company's shareholder.

#### Directors

The directors who served during the year and up to the date of this Directors' report, were:

R A Norman (resigned 16 October 2019)  
W Wrzesniok-Roszbach (resigned 28 May 2019)  
A Habluetzel (appointed 28 May 2019)  
T K Porzel (appointed 28 May 2019)

The directors did not benefit from third party indemnities during the year (2018 - Nil).

#### Matters covered in the Strategic report

The company has chosen to set out the following information within the Strategic report; future developments and financial instruments.

#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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**SHARPS PIXLEY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Post balance sheet events**

There are no post balance sheet events that require disclosure or adjustments to the financial statements. Furthermore, the directors do not consider COVID-19 to have had a material impact on the business.

Post year-end, there has been an increase in sales activity resulting in net profit for the first quarter of the year. The directors anticipate that this trend will continue for remainder of 2020.


**Political donations**

No political donations were made by the company during the year (2018 - £Nil).

**Auditor**

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on July 20<sup>th</sup> 2020 and signed on its behalf.



**T K Porzel**  
Director



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## **SHARPS PIXLEY LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors are responsible for preparing the Annual Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures and after disclosed and explained in the financial statements;
- 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 to 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.

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## SHARPS PIXLEY LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHARPS PIXLEY LIMITED

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#### Report on the audit of the financial statements

##### Opinion

In our opinion the financial statements of Sharps Pixley Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006

We have audited the financial statements of Sharps Pixley Limited (the 'company') which comprise:

- the Statement of comprehensive income;
- the Statement of financial position;
- the Statement of changes in equity;
- the Statement of cash flow; and
- the related notes 1 to 23

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).

##### 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion..

##### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 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.

We have nothing to report in respect of these matters.

##### 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

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## **SHARPS PIXLEY LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHARPS PIXLEY LIMITED (CONTINUED)**

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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 these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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SHARPS PIXLEY LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHARPS PIXLEY LIMITED (CONTINUED)

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**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by Companies Act 2006**

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

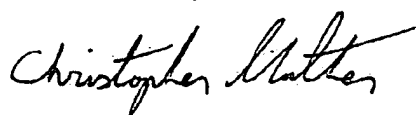
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**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.



Christopher Mather - FCA (Senior statutory auditor)  
For and on behalf of  
**Deloitte LLP**  
Statutory Auditor  
London, United Kingdom  
Date: 20 July 2020

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**SHARPS PIXLEY LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Note	2019 £	2018 £
Turnover	4	57,771,161	54,761,296
Cost of sales		(56,000,410)	(53,447,794)
<b>Gross profit</b>		<b>1,770,751</b>	<b>1,313,502</b>
Administrative expenses		(2,683,013)	(1,732,002)
<b>Operating loss</b>	5	<b>(912,262)</b>	<b>(418,500)</b>
Interest receivable and similar income	9	56	2
<b>Loss before tax</b>		<b>(912,206)</b>	<b>(418,498)</b>
Tax on loss	10	-	-
<b>Loss for the year</b>		<b>(912,206)</b>	<b>(418,498)</b>

All results are from continuing operations.

The notes on pages 14 to 26 form part of these financial statements.


**SHARPS PIXLEY LIMITED**  
**REGISTERED NUMBER: 06629106**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	11	2,443,503	2,742,489
		<u>2,443,503</u>	<u>2,742,489</u>
<b>Current assets</b>			
Stocks	12	111,145	39,567
Debtors: amounts falling due within one year	13	912,143	1,144,126
Cash at bank and in hand	14	1,551,524	565,391
		<u>2,574,812</u>	<u>1,749,084</u>
Creditors: amounts falling due within one year	15	(3,025,419)	(10,422,713)
<b>Net current liabilities</b>		<u>(450,607)</u>	<u>(8,673,629)</u>
<b>Total assets less current liabilities</b>		<u>1,992,896</u>	<u>(5,931,140)</u>
<b>Net assets/(liabilities)</b>		<u><u>1,992,896</u></u>	<u><u>(5,931,140)</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	1,000	1,000
Other reserves	18	-	310,000
Profit and loss account	18	1,991,896	(6,242,140)
<b>Shareholders' surplus / (deficit)</b>		<u><u>1,992,896</u></u>	<u><u>(5,931,140)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

July 20<sup>th</sup> 2020

  
**T K Porzel**  
 Director

The notes on pages 14 to 26 form part of these financial statements.

**SHARPS PIXLEY LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	1,000	310,000	(6,242,140)	(5,931,140)
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(912,206)	(912,206)
<b>Total comprehensive loss for the year</b>	-	-	(912,206)	(912,206)
Transfer to Profit and loss account	-	(310,000)	-	(310,000)
Transfer from Other reserves	-	-	310,000	310,000
Intercompany loan waiver (see note 18)	-	-	8,836,242	8,836,242
<b>At 31 December 2019</b>	<b>1,000</b>	<b>-</b>	<b>1,991,896</b>	<b>1,992,896</b>

The notes on pages 14 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	1,000	310,000	(5,823,642)	(5,512,642)
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(418,498)	(418,498)
<b>Total comprehensive loss for the year</b>	-	-	(418,498)	(418,498)
<b>At 31 December 2018</b>	<b>1,000</b>	<b>310,000</b>	<b>(6,242,140)</b>	<b>(5,931,140)</b>

The notes on pages 14 to 26 form part of these financial statements.

**SHARPS PIXLEY LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(912,206)	(418,498)
<b>Adjustments for:</b>		
Depreciation of tangible assets	348,292	20,930
Loss on disposal of tangible assets	-	10,616
Interest received	(56)	(2)
(Increase)/decrease in stocks	(71,578)	86,493
Decrease/(increase) in debtors	231,983	(529,668)
Increase in creditors	418,372	337,566
Increase/(decrease) in amounts owed to group undertakings	1,020,576	(908,916)
<b>Net cash generated / (used in) from operating activities</b>	<b>1,035,383</b>	<b>(1,401,479)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(49,306)	(9,218)
Sale of tangible fixed assets	-	2,573
Interest received	56	2
<b>Net cash from investing activities</b>	<b>(49,250)</b>	<b>(6,643)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>986,133</b>	<b>(1,408,122)</b>
Cash and cash equivalents at beginning of year	565,391	1,973,513
<b>Cash and cash equivalents at the end of year</b>	<b>1,551,524</b>	<b>565,391</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	1,551,524	565,391
	<b>1,551,524</b>	<b>565,391</b>

The notes on pages 14 to 26 form part of these financial statements.



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## SHARPS PIXLEY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. General information

Sharps Pixley Limited is a private company limited by shares, incorporated in the United Kingdom in which the company is registered in England and Wales. The address of the registered office is 54 St. James's Street, London, SW1A 1JT.

The continuing activity of the company is that of bullion brokers.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Going concern

The accounts have been prepared on a going concern basis on the assumption that adequate financial resources will continue to be made available from the parent company for at least twelve months from approval of the financial statements. The parent company has provided an undertaking of its continued support for the foreseeable future, and the directors have considered the ability of the parent company to provide support and are comfortable that it is in a position to do so, having assessed its financial position and forecasts, including the impact of COVID 19, its capital position, and future liquidity.

In the event that the company continues to make losses for the foreseeable future, the company's ability to operate will be dependent on the continued financial support of the company's shareholder.

##### 2.3 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

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## SHARPS PIXLEY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

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

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 2.5 Operating leases: the Company as lessee

*Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.*

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### 2.6 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

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## SHARPS PIXLEY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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## 2. Accounting policies (continued)

### 2.7 Pensions

#### Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of comprehensive income 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 Company in independently administered funds.

### 2.8 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income 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 Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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## SHARPS PIXLEY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- Straight line over the lease term
Fixtures & fittings	- Straight line over 4 years
Computer equipment	- Straight line over 4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### 2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of comprehensive income.

##### 2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

##### 2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.14 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of

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## SHARPS PIXLEY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 2. Accounting policies (continued)

##### 2.14 Financial instruments (continued)

financial assets and liabilities like trade and other debtors and creditors, and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at each reporting date for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates. There are no key sources of estimation uncertainty.

The directors do not consider any of the estimates or judgements in relation to applying the accounting policies material to these financial statements.

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SHARPS PIXLEY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Service income on lockers	399,545	229,805
Sale of gold	57,371,616	54,531,491
	<u>57,771,161</u>	<u>54,761,296</u>

All turnover arose within the United Kingdom.

5. Operating loss

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

	2019 £	2018 £
Depreciation of tangible fixed assets	348,292	20,930
Exchange differences	82,065	(189,148)
Operating lease rentals	406,737	408,396
Loss on disposal of tangible assets	-	10,616
	<u>-</u>	<u>10,616</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>18,500</u>	<u>16,900</u>

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SHARPS PIXLEY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	393,927	313,812
Social security costs	43,191	35,108
	<u>437,118</u>	<u>348,920</u>

The average monthly number of employees, including directors, during the year was 6 (2018 - 6).

**8. Directors' remuneration**

	2019 £	2018 £
Directors' emoluments	168,231	138,000
Company contributions to defined contribution pension schemes	6,224	-
	<u>174,455</u>	<u>138,000</u>

The directors consider the company's key management personnel to consist of the directors.

During the year retirement benefits were accruing to 1 director (2018 - Nil) in respect of defined contribution pension schemes.

**9. Interest receivable**

	2019 £	2018 £
Other interest receivable	56	2
	<u>56</u>	<u>2</u>

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**SHARPS PIXLEY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**10. Taxation**

	2019 £	2018 £
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
<b>Total deferred tax</b>	-	-
<b>Taxation on loss on ordinary activities</b>	-	-

**Factors affecting tax charge for the year**

The company has made a loss during the year ended 31 December 2019 and will therefore not suffer a tax charge in respect of the year.

	2019 £	2018 £
<b>Loss on ordinary activities before tax</b>	<b>(912,206)</b>	<b>(418,498)</b>
<b>Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)</b>	<b>(173,319)</b>	<b>(79,515)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,493	3,756
Differences between capital allowances and depreciation	42,136	(13,022)
Additions to losses c/fwd	126,690	88,781
<b>Total tax charge for the year</b>	-	-



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**SHARPS PIXLEY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**10. Taxation (continued)**

**Factors that may affect future tax charges**

At the Statement of financial position date the company had £6,821,991 (2018 - £6,155,201) of tax losses to be carried forward. No deferred tax asset has been recognised in respect of these losses due to uncertainty over the timing of the future utilisation of the losses.

Corporation Tax will remain at 19% for the forthcoming financial year.

There is no expiry date of timing differences of unused tax losses.

**11. Tangible fixed assets**

	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2019	3,651,051	82,051	38,737	3,771,839
Additions	3,063	44,397	1,846	49,306
Disposals	-	(11,792)	-	(11,792)
At 31 December 2019	<u>3,654,114</u>	<u>114,656</u>	<u>40,583</u>	<u>3,809,353</u>
<b>Depreciation</b>				
At 1 January 2019	940,012	64,300	25,038	1,029,350
Charge for the year on owned assets	319,259	20,485	8,548	348,292
Disposals	-	(11,792)	-	(11,792)
At 31 December 2019	<u>1,259,271</u>	<u>72,993</u>	<u>33,586</u>	<u>1,365,850</u>
<b>Net book value</b>				
At 31 December 2019	<u>2,394,843</u>	<u>41,663</u>	<u>6,997</u>	<u>2,443,503</u>
At 31 December 2018	<u>2,711,039</u>	<u>17,751</u>	<u>13,699</u>	<u>2,742,489</u>

None of the assets have restricted title or are pledged as security for liabilities.

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**SHARPS PIXLEY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**12. Stocks**

	2019 £	2018 £
Emotional products	60,824	39,567
Precious metals	50,321	-
	<u>111,145</u>	<u>39,567</u>

**13. Debtors**

	2019 £	2018 £
Trade debtors	333,931	501,344
Other debtors	447,345	509,947
Prepayments and accrued income	130,867	132,835
	<u>912,143</u>	<u>1,144,126</u>

**14. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	1,551,524	565,391
	<u>1,551,524</u>	<u>565,391</u>

All cash held is available for use by the company.

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**SHARPS PIXLEY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**15. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	590,565	158,838
Amounts owed to group undertakings	2,052,352	9,868,018
Other taxation and social security	-	5,801
Other creditors	127,399	121,394
Accruals and deferred income	255,103	268,662
	<u>3,025,419</u>	<u>10,422,713</u>

Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand.

**16. Financial instruments**

	2019 £	2018 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	<u>2,332,800</u>	<u>1,603,765</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>2,770,316</u>	<u>10,148,250</u>

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and other creditors.

**17. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
900 Ordinary shares of £1 each	900	900
50 'B' Ordinary shares of £1 each	50	50
50 'C' Ordinary shares of £1 each	50	50
	<u>1,000</u>	<u>1,000</u>

'B' and 'C' shares have no voting rights whilst the Ordinary shares have full voting rights.

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## SHARPS PIXLEY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 18. Reserves

##### **Profit and loss account**

Profit and loss account includes all current and prior year retained profits and losses.

On 18 December 2019 the company transferred the previously held Capital contribution reserve to the Profit and loss account as the contribution was in the form of qualifying consideration.

In addition, on 18 December 2019, Clair AG waived a debt owed by the company of £8,836,242 by means of a deed of waiver. The balance was transferred to the Profit and loss account.

#### 19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £14,461 (2018 - £Nil). Contributions totalling £Nil (2018 - £Nil) were outstanding as at year end.

#### 20. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	350,000	350,000
Later than 1 year and not later than 5 years	1,400,000	1,400,000
Later than 5 years	845,833	1,195,833
	<u>2,595,833</u>	<u>2,945,833</u>

#### 21. Related party transactions

The company has taken advantage of the exemption allowed by FRS102, as a wholly-owned subsidiary, not to disclose any transactions between the company and its parent undertakings.

#### 22. Post balance sheet events

There are no post balance sheet events that require disclosure or adjustments to the financial statements. Furthermore, the directors do not consider COVID-19 to have had a material impact on the business.

Post year end, there has been an increase in sales activity resulting in net profit for the first quarter of the year. The directors anticipate that this trend will continue for remainder of 2020.

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**SHARPS PIXLEY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**23. Ultimate parent undertaking and controlling party**

The company's immediate parent company is Degussa Sonne/Mond Goldhandel AG, a company incorporated in Switzerland. The ultimate parent company is Clair AG, a company incorporated in Switzerland.

The financial statements of the company are consolidated in the consolidated financial statements of both the immediate and ultimate parent companies. Both of those financial statements can be obtained at Seestrasse 1, Cham 6330, Switzerland.

The ultimate controlling party is Clair AG by virtue of their controlling interest in the group.

