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**SHARPS PIXLEY LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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## SHARPS PIXLEY LIMITED

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### COMPANY INFORMATION

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<b>Directors</b>	R A Norman W Wrzesniok-Rossbach
<b>Registered number</b>	06629106
<b>Registered office</b>	54 St. James' Street London SW1A 1JT
<b>Statutory auditor</b>	Deloitte LLP

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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 2018**

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#### **Introduction**

The directors present their Strategic report for Sharps Pixley Limited ("the company") for the year ended 31 December 2018.

#### **Business review and future developments**

Trading activity has increased significantly on the year, although margins remain low. Gross profit has risen strongly since the prior year from £815,736 to £1,313,502 a 61% increase. There is a continued drive to create efficiencies in the business, and the company (Sharps Pixley) has also benefited from favorable currency movements. The loss for the year was £418,498 (2017 - £1,499,492), a 72% decrease on the prior year. This is primarily due to the company changing its depreciation estimate on safety deposit boxes, the impact of which was £501,050.

Sharps Pixley is accustomed to economic uncertainties which are likely to remain prevalent for considerable time and indeed it is precisely these sort 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 in order to reduce the losses and create profitability in the coming years. We are pleased with both the expansion of our sales efforts to HNWI clients, through walk-ins and through our online platform. Encouragingly we continue to see good growth in vaulting and safe deposit box clients which provides a good annuity income which is highly retentive.

#### **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 uncertainty arising from a possible 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 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.

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**SHARPS PIXLEY LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**Financial key performance indicators**

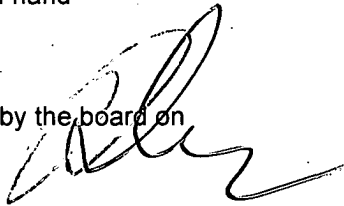
We consider that the company's key performance indicators are those that communicate financial performance and strength of the company as a whole, these being the turnover, gross profit, and cash.

	2018 £	2017 £
Turnover	54,761,296	36,163,401
Gross profit	1,313,502	815,736
Cash at bank and in hand	565,391	1,973,513

This report was approved by the board on

and signed on its behalf.

**R A Norman**  
Director



12/17/19

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## SHARPS PIXLEY LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their report and the financial statements for the year ended 31 December 2018.

#### Results and dividends

The loss for the year, after taxation, amounted to £418,498 (2017 - loss £1,499,492).

No dividends were paid in the current year or prior year.

#### 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. 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 report, were:

R A Norman  
W Wrzesniok-Rossbach

The directors did not benefit from third party indemnities during the year (2017 - 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.

#### Subsequent events

There are no subsequent events that require disclosure or adjustments.

#### Political donations

No political donations were made by the company during the year (2017 - £0).

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**SHARPS PIXLEY LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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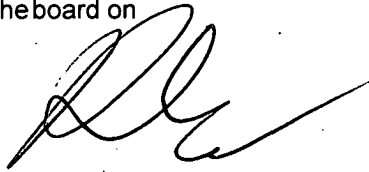
**Auditor**

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

and signed on its behalf.

**R A Norman**  
Director



12/7/19

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## **SHARPS PIXLEY LIMITED**

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### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors are responsible 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), 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 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.



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS 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 2018 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 22.

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.

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## SHARPS PIXLEY LIMITED

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

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#### 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 respect of 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 SHAREHOLDERS OF SHARPS PIXLEY LIMITED  
(CONTINUED)**

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**Report on other legal and regulatory requirements****Opinions on other matters 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 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**

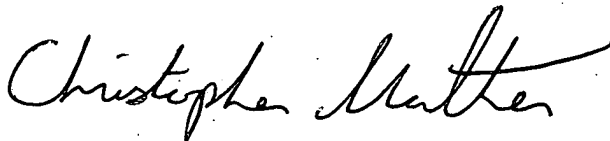
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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: 12 July 2019

# SHARPS PIXLEY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 £	2017 £
Turnover	4	54,761,296	36,163,401
Cost of sales		(53,447,794)	(35,347,665)
<b>Gross profit</b>		<b>1,313,502</b>	<b>815,736</b>
Administrative expenses		(1,732,002)	(2,286,236)
<b>Operating loss</b>	5	<b>(418,500)</b>	<b>(1,470,500)</b>
Interest receivable and similar income		2	-
Interest payable and similar expenses	10	-	(28,992)
<b>Loss before tax</b>		<b>(418,498)</b>	<b>(1,499,492)</b>
Tax on loss	11	-	-
<b>Loss and total comprehensive loss for the year</b>		<b>(418,498)</b>	<b>(1,499,492)</b>
<b>Loss for the year attributable to the equity holders</b>		<b>(418,498)</b>	<b>(1,499,492)</b>

All results are from continuing operations.

The notes on pages 13 to 25 form part of these financial statements.


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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible fixed assets	12	2,742,489	2,767,390
		<u>2,742,489</u>	<u>2,767,390</u>
<b>Current assets</b>			
Stocks	13	39,567	126,060
Debtors: amounts falling due within one year	14	1,144,126	614,458
Cash at bank and in hand	15	565,391	1,973,513
		<u>1,749,084</u>	<u>2,714,031</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(10,422,713)</u>	<u>(10,994,063)</u>
<b>Net current liabilities</b>		<u>(8,673,629)</u>	<u>(8,280,032)</u>
<b>Total assets less current liabilities</b>		<u>(5,931,140)</u>	<u>(5,512,642)</u>
<b>Net liabilities</b>		<u>(5,931,140)</u>	<u>(5,512,642)</u>
<b>Capital and reserves</b>			
Called up share capital	18	1,000	1,000
Other reserves	19	310,000	310,000
Profit and loss account	19	(6,242,140)	(5,823,642)
<b>Shareholders' deficit</b>		<u>(5,931,140)</u>	<u>(5,512,642)</u>

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

**R A Norman**  
Director



12/7/19

The notes on pages 13 to 25 form part of these financial statements.

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**SHARPS PIXLEY LIMITED**

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

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	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>

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

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	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2017	1,000	310,000	(4,324,150)	(4,013,150)
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(1,499,492)	(1,499,492)
<b>Total comprehensive loss for the year</b>	-	-	(1,499,492)	(1,499,492)
<b>At 31 December 2017</b>	<b>1,000</b>	<b>310,000</b>	<b>(5,823,642)</b>	<b>(5,512,642)</b>

The notes on pages 13 to 25 form part of these financial statements.

**SHARPS PIXLEY LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(418,498)	(1,499,492)
<b>Adjustments for:</b>		
Depreciation of tangible assets	20,930	517,067
Loss on disposal of tangible assets	10,616	660
Interest paid	-	28,992
Interest received	(2)	-
Decrease in stocks	86,493	585,320
(Increase)/decrease in debtors	(529,668)	121,612
Increase/(decrease) in creditors	337,566	(408,979)
(Decrease)/increase in amounts owed to group undertakings	(908,916)	1,990,068
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,401,479)</b>	<b>1,335,248</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(9,218)	(79,268)
Sale of tangible fixed assets	2,573	-
Interest received	2	-
<b>Net cash from investing activities</b>	<b>(6,643)</b>	<b>(79,268)</b>
<b>Cash flows from financing activities</b>		
Interest paid	-	(28,992)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(28,992)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,408,122)</b>	<b>1,226,988</b>
Cash and cash equivalents at beginning of year	1,973,513	746,525
<b>Cash and cash equivalents at the end of year</b>	<b>565,391</b>	<b>1,973,513</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	565,391	1,973,513
	<b>565,391</b>	<b>1,973,513</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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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 judgement in applying the company's accounting policies.

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. 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 parent company.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.3 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.

**2.4 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**2. Accounting policies (continued)**

**2.4 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:

Short-term leasehold property	- Straight line over the lease term
Fixtures & fittings	- Straight line over 4 years
Office 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.

Please refer to note 3 where a change in estimated useful life has been disclosed.

**2.5 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 weighted average 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.

**2.6 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.

**2.7 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.

**2.8 Financial instruments**

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**2. Accounting policies (continued)**

**2.8 Financial instruments (continued)**

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.

**2.9 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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**2. Accounting policies (continued)**

**2.10 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 except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.11 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.

**2.12 Interest income**

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

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.13 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.

**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.

During the year, the company changed the period over which it depreciated safety deposit boxes from the straight-line basis over four years, to the straight-line basis over the remaining lease term of the property. Safety deposit boxes were previously classified as fixture and fittings but have been reclassified during the year to Leasehold improvements. This change in estimate was based on the company's reassessment of the economic useful life of those assets given their fixed nature and permanence.

This change in estimate has been applied prospectively within the financial statements with an adjustment of £501,050 taken to the current year Statement of comprehensive income.

The change in estimate also has the impact of increasing the net book value of the company's tangible fixed assets by £501,050, compared to the net book value had the previous accounting estimate been applied.

The impact on the depreciation expense going forward would be a reduction in the charge taken to the Statement of comprehensive income of £168,688.

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 2018**

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**4. Turnover**

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

	2018 £	2017 £
Service income on lockers	229,805	204,329
Sale of gold	54,531,491	35,959,072
	<u>54,761,296</u>	<u>36,163,401</u>

All turnover arose within the United Kingdom.

**5. Operating loss**

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

	2018 £	2017 £
Depreciation of tangible fixed assets	20,930	517,067
Exchange differences	(189,148)	(20,289)
Operating lease rentals	408,396	395,138
Loss on disposal of tangible assets	10,616	660
	<u>20,930</u>	<u>892,576</u>

**6. Auditor's remuneration**

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>16,900</u>	<u>19,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**7. Employees**

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

	2018 £	2017 £
Wages and salaries	313,812	301,591
Social security costs	35,108	33,824
	<u>348,920</u>	<u>335,415</u>

The average monthly number of employees, including directors, during the year was 6 (2017 - 5).

**8. Directors' remuneration**

	2018 £	2017 £
Directors' emoluments	138,000	138,000
	<u>138,000</u>	<u>138,000</u>

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

**9. Interest receivable**

	2018 £	2017 £
Other interest receivable	2	-
	<u>2</u>	<u>-</u>

**10. Interest payable and similar charges**

	2018 £	2017 £
Interest on loans from group undertakings	-	28,992
	<u>-</u>	<u>28,992</u>

The interest charge was waived over the whole loan in the current year. In the prior year, interest of 3.5% was applied between June 2017 and December 2017.

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**SHARPS PIXLEY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**11. Taxation**

	2018 £	2017 £
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
<b>Total deferred tax</b>	-	-
<b>Taxation on profit on ordinary activities</b>	-	-

**Factors affecting tax charge for the year**

The company has made a loss during the year ended 31 December 2018 and will therefore not suffer a tax charge in respect of the year.

	2018 £	2017 £
Loss on ordinary activities before tax	<b>(418,498)</b>	<b>(1,499,492)</b>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	<b>(79,515)</b>	<b>(284,903)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>3,756</b>	<b>7,372</b>
Differences between capital allowances and depreciation	<b>(13,022)</b>	<b>70,037</b>
Additions to losses c/fwd	<b>88,781</b>	<b>207,494</b>
<b>Total tax charge for the year</b>	-	-

**Factors that may affect future tax charges**

At the Statement of financial position date the company had £6,155,201 (2017 - £5,500,000) 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.



**SHARPS PIXLEY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**12. Tangible fixed assets**

	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2018	2,617,454	1,110,590	61,646	3,789,690
Additions	-	7,632	1,586	9,218
Disposals	(2,574)	-	(24,495)	(27,069)
Transfers between classes	1,036,171	(1,036,171)	-	-
At 31 December 2018	3,651,051	82,051	38,737	3,771,839
<b>Depreciation</b>				
At 1 January 2018	443,619	554,763	23,918	1,022,300
Charge for the year on owned assets	228,237	(222,307)	15,000	20,930
Disposals	-	-	(13,880)	(13,880)
Transfers between classes	268,156	(268,156)	-	-
At 31 December 2018	940,012	64,300	25,038	1,029,350
<b>Net book value</b>				
At 31 December 2018	2,711,039	17,751	13,699	2,742,489
At 31 December 2017	2,173,835	555,827	37,728	2,767,390

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

**13. Stocks**

	2018 £	2017 £
Emotional products	39,567	95,246
Precious metals	-	30,814
	39,567	126,060

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**SHARPS PIXLEY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**14. Debtors**

	2018 £	2017 £
Trade debtors	501,344	60,543
Other debtors	509,947	421,408
Prepayments and accrued income	132,835	132,507
	<u>1,144,126</u>	<u>614,458</u>

**15. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	565,391	1,973,513
	<u>565,391</u>	<u>1,973,513</u>

All cash held is available for use by the company.

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

	2018 £	2017 £
Trade creditors	158,838	106,339
Amounts owed to group undertakings	9,868,018	10,776,934
Other taxation and social security	5,801	15,542
Other creditors	121,394	63,748
Accruals and deferred income	268,662	31,500
	<u>10,422,713</u>	<u>10,994,063</u>

Amounts owed to group undertakings are repayable on demand.

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**SHARPS PIXLEY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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**17. Financial instruments**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	1,603,765	2,455,464
	<u>1,603,765</u>	<u>2,455,464</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	10,148,250	10,947,021
	<u>10,148,250</u>	<u>10,947,021</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.

**18. Share capital**

	2018 £	2017 £
<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.

**19. Reserves****Capital contribution reserve**

A capital contribution to the business, not deemed repayable to the parent company.

**Profit and loss account**

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

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## SHARPS PIXLEY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 20. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
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	1,195,833	1,545,833
	<u>2,945,833</u>	<u>3,295,833</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. 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.