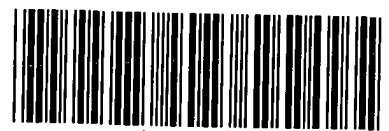

SHARPS PIXLEY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

FRIDAY



ABCNPG09

A02

16/09/2022

#218

COMPANIES HOUSE

SHARPS PIXLEY LIMITED

COMPANY INFORMATION

Directors	Andreas R. Habluetzel Tino K. Porzel
Registered number	06629106
Registered office	54 St. James' Street London SW1A 1JT
Statutory auditor	Deloitte LLP 1 New Street Square London EC4 3HQ United Kingdom

SHARPS PIXLEY LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Directors' responsibilities statement	6
Independent auditor's report	7 - 10
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Statement of cash flows	14
Analysis of net debt	15
Notes to the financial statements	16 - 29

SHARPS PIXLEY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The directors present their Strategic report for Sharps Pixley Limited ("the company") for the year ended 31 December 2021.

Business review and future developments

Sharps Pixley is a precious metals dealer specialising exclusively in the buying and selling of physical precious metals in the form of investment bars and bullion coins. In addition, Sharps Pixley also provides vaulting services for precious metals and customers have the option of depositing their valuables in in-house safe deposit boxes for safekeeping. Sharps Pixley sees itself predominantly as a national supplier, reaching customers from all over the UK via its web shop.

Trading activity has decreased in the year, with turnover decreasing by £28,673,171 from £136,250,098 in 2020 to £107,576,927 in 2021. The decrease in turnover in 2021 can be largely attributed to the extraordinary circumstances due to Covid and the developments on the stock exchanges in 2020. Soon after the first lockdown announcements many shares experienced a price decline which led to the fact that many investors shifted their portfolio into the safe haven "gold" which then led to increased demand for precious metals in conjunction with a rise in the price of gold. In the course of 2021, the gold price has declined again and customer demand has fallen.

Gross profit has decreased since the prior year from £4,597,415 to £4,168,893, a decrease of 9%. The profit for the year was £1,217,464 (2020 - £2,484,984). This is due to the customer margins, which had risen sharply in 2020 due to the shock of the COVID-19 pandemic, could no longer be realised at the same level in 2021.

This year we saw increased overheads including advertising and staff salaries, and we note positive movements in foreign exchange. Consequently, the results for 2021 were lower as compared to the prior year.

We also note the slightly decreased cash balance of £421,577, from £3,800,928 in 2020 to £3,379,351 in 2021. This is due to increased investment in the fixed assets during the year.

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 create sustained 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 was effective, even in the last crisis. Customer requests could 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 remote access, 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.

SHARPS PIXLEY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

The parent company guarantees its commitment to provide financial support in the event that the company returns to making losses or requires temporary financial assistance of any kind. However, this assistance was not necessary during the past financial year.

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. 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.

Ukraine crisis

At this point in time, the effects of Russian sanctions have been mild and manageable. Administratively, there is a greater burden completing compliance checks, for both new and existing clients, but so far, we are not aware of any sanctions imposed against any of our existing clients. Furthermore, our suppliers have notified us to expect minor delays to refining schedules and new stock deliveries due to sanctions imposed on their source of raw materials. We continue to monitor the situation and sanctions lists on an ongoing basis.

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, net profit, and cash. Please refer to the above section 'Business review and future developments' for a qualitative analysis of the key performance indicators.

SHARPS PIXLEY LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Turnover	107,576,927	136,250,098
Gross profit	4,168,893	4,597,415
Net profit	1,217,464	2,484,984
Cash at bank and in hand	3,379,351	3,800,928

This report was approved by the board on 14 September 2022 and signed on its behalf.



Tino K. Porzel
Director

SHARPS PIXLEY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to £1,217,464 (2020 - £2,484,984).

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

Going concern assumption

The directors have reviewed the financial position and the liquidity of the company and note that the company is profitable, has net current assets of £3,792,728 and a cash balance of £3,379,351 as at year end and has no external debt.

The directors' cashflow projection show that the company will be able to meet its liabilities as they fall due, and for a period of not less than 12 months from the approval of these financial statements, and will continue to operate as a going concern.

The parent company guarantees its commitment to provide financial support in the event that the company returns to making losses or requires temporary financial assistance of any kind. However, this assistance was not necessary during the past financial year.

Based on their assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors

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

Andreas R. Habluetzel, CEO

Tino K. Porzel, CFO

The directors did not benefit from third party indemnities during the year (2020 - 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 risk management.

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.

SHARPS PIXLEY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Post balance sheet events

There are no post balance sheet events that require disclosure or amendments to the financial statements.

Trading in 2022 remains positive and the directors anticipate that this trend will continue for the remainder of 2022 especially in view of the growing global tensions and uncertainties in connection with the conflict in Ukraine.

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 14 September 2022 and signed on its behalf.



Tino K. Porzel
Director

SHARPS PIXLEY LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

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: 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 including Financial Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 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.

SHARPS PIXLEY LIMITED

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

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 2021 and of its profit 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 which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

SHARPS PIXLEY LIMITED

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

SHARPS PIXLEY LIMITED

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and made enquiries of the company's policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation ; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the recognition of revenue from gold sales and particularly the accuracy, completeness and correct accounting treatment of gold sales involving group companies. Our specific procedures performed to address it are described below:

- Testing the design and implementation of key controls around recognition of revenue from gold sales.
- Testing a sample of revenue recognised from transactions with group entities for evidence that these were valid physical sales and agreeing cash receipts to bank statements.
- Testing a sample of gold sales with group companies to ensure they had been correctly excluded from gross revenue where the company did not bear the risks and rewards of ownership.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

SHARPS PIXLEY LIMITED

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

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

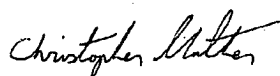
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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
1 New Street Square
London
EC4 3HQ
United Kingdom

14 September 2022

SHARPS PIXLEY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	107,576,927	136,250,098
Cost of sales		(103,408,034)	(131,652,683)
Gross profit		4,168,893	4,597,415
Administrative expenses		(2,995,236)	(2,122,916)
Operating profit	5	1,173,657	2,474,499
Interest receivable and similar income	9	43,807	10,485
Profit before tax		1,217,464	2,484,984
Tax on profit	10	-	-
Profit for the financial year		1,217,464	2,484,984

All results are from continuing operations.

There is no other comprehensive income and as such no separate statement of other comprehensive income has been presented.

The notes on pages 16 to 29 form part of these financial statements.

SHARPS PIXLEY LIMITED
REGISTERED NUMBER: 06629106

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	2,534,096	2,107,040
		<u>2,534,096</u>	<u>2,107,040</u>
Current assets			
Debtors: amounts falling due within one year	12	1,642,457	821,040
Cash at bank and in hand	13	3,379,351	3,800,928
		<u>5,021,808</u>	<u>4,621,968</u>
Creditors: amounts falling due within one year	14	(1,229,080)	(2,251,128)
Net current assets		<u>3,792,728</u>	<u>2,370,840</u>
Total assets less current liabilities		<u>6,326,824</u>	<u>4,477,880</u>
Provisions for liabilities			
Provisions	16	(631,480)	-
		<u>(631,480)</u>	<u>-</u>
Net assets		<u><u>5,695,344</u></u>	<u><u>4,477,880</u></u>
Capital and reserves			
Called up share capital	17	1,000	1,000
Profit and loss account	18	5,694,344	4,476,880
		<u><u>5,695,344</u></u>	<u><u>4,477,880</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 September 2022.



Tino K. Porzel
Director

The notes on pages 16 to 29 form part of these financial statements.

SHARPS PIXLEY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	1,000	4,476,880	4,477,880
Comprehensive income for the year			
Profit for the year	-	1,217,464	1,217,464
Total comprehensive income for the year	-	1,217,464	1,217,464
At 31 December 2021	1,000	5,694,344	5,695,344

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	1,000	1,991,896	1,992,896
Comprehensive income for the year			
Profit for the year	-	2,484,984	2,484,984
Total comprehensive income for the year	-	2,484,984	2,484,984
At 31 December 2020	1,000	4,476,880	4,477,880

The notes on pages 16 to 29 form part of these financial statements.

SHARPS PIXLEY LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	1,217,464	2,484,984
Adjustments for:		
Depreciation of tangible assets	339,918	336,968
Interest received	(43,807)	(10,485)
Decrease in stocks	-	111,145
(Increase)/decrease in debtors	(1,338,712)	608,398
Decrease in amounts owed by group	517,295	-
Increase/(decrease) in creditors	1,259,432	(371,939)
(Decrease) in amounts owed to group	(1,650,000)	(1,169,647)
Net cash generated from operating activities	301,590	1,989,424
Cash flows from investing activities		
Purchase of tangible fixed assets	(766,974)	(505)
Interest received	43,807	10,485
Net cash from investing activities	(723,167)	9,980
Cash flows from financing activities		
New loans from group companies	-	250,000
Net cash used in financing activities	-	250,000
Net (decrease)/increase in cash and cash equivalents	(421,577)	2,249,404
Cash and cash equivalents at beginning of year	3,800,928	1,551,524
Cash and cash equivalents at the end of year	3,379,351	3,800,928
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,379,351	3,800,928
	3,379,351	3,800,928

The notes on pages 16 to 29 form part of these financial statements.

SHARPS PIXLEY LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	3,800,928	(421,577)	3,379,351
	<u>3,800,928</u>	<u>(421,577)</u>	<u>3,379,351</u>

The notes on pages 16 to 29 form part of these financial statements.

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 directors have reviewed the financial position and the liquidity of the company and note that the company is profitable, has net current assets of £3,792,728 and a cash balance of £3,379,351 as at year end and has no external debt.

The directors' cashflow projection show that the company will be able to meet its liabilities as they fall due, and for a period of not less than 12 months from the approval of these financial statements and will continue to operate as a going concern.

The parent company guarantees its commitment to provide financial support in the event that the company returns to making losses or requires temporary financial assistance of any kind. However, this assistance was not necessary during the past financial year.

COVID-19

With the policies and provisions made for safe and efficient operations throughout the pandemic (and its many stages), we were able to continue trading with limited interruptions. The updated website and trading tools allowed us to offer services for clients with only smaller "walk-in" transactions being limited during the full lockdown period. The operations protocols employed during lockdown enabled our trading system to be operated from the office as well as from the homes of key workers if needed, allowing us to have a team formation with "quarantine possibility".

Global stock issues effected the market during the start of the pandemic and caused a change in consumer purchasing with a tighter focus on available products (British coins and our own branded bars being readily available), this trend was seen to continue in 2021. Against this background, we do not consider a significant drop in sales is likely as a result of the pandemic.

Ukraine crisis

At this point in time, the effects of Russian sanctions have been mild and manageable. Administratively, there is a greater burden completing compliance checks, for both new and existing clients, but so far, we are not aware of any sanctions imposed against any of our existing clients.

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.2 Going concern (continued)

Furthermore, our suppliers have notified us to expect minor delays to refining schedules and new stock deliveries due to sanctions imposed on their source of raw materials. We continue to monitor the situation and sanctions lists on an ongoing basis.

Based on their assessment above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements..

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.

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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.

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 reporting 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.

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 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.

2.11 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.

2.12 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.

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.13 Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.14 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like cash and cash equivalents, 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.

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.

As set out in 2.4 above, one of the conditions for recognition of revenue is the transfer of significant risks and rewards of ownership to the buyer. A key judgment around certain purchases undertaken to manage market risk, is whether the Company becomes exposed to the risks and rewards of ownership and consequently whether any onward sale should be recognised as revenue. Where the Company is not exposed to the risks and rewards of ownership, the initial purchase and the subsequent sale are not included within cost of sales and revenue respectively.

Other than as noted above, there are no significant judgments and or sources of estimation uncertainty in preparing the financial statements.

4. Turnover

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

	2021 £	2020 £
Service income on lockers	853,070	725,047
Sale of gold	106,723,857	135,525,051
	<u>107,576,927</u>	<u>136,250,098</u>

All turnover arose within the United Kingdom.

5. Operating profit

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

	2021 £	2020 £
Depreciation of tangible fixed assets	339,918	336,968
Exchange differences	(92,022)	(39,347)
Other operating lease rentals	360,000	369,833
	<u>360,000</u>	<u>369,833</u>

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>31,000</u>	<u>26,800</u>

There were no non-audit fees payable to the Company's auditor in the current year or prior year.

7. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	438,831	307,141
Social security costs	42,410	22,401
Cost of defined contribution scheme	10,153	8,184
	<u>491,394</u>	<u>337,726</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Directors	2	2
Sales and administration	4	4
	<u>6</u>	<u>6</u>

8. Directors' remuneration

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

During the year, the directors' received no emoluments (2020 - £Nil).

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. Interest receivable

	2021 £	2020 £
Other interest receivable	43,807	10,485
	<u>43,807</u>	<u>10,485</u>

10. Taxation

	2021 £	2020 £
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The company has utilised brought forward tax losses during the year ended 31 December 2021 and will therefore not suffer a tax charge in respect of the year.

	2021 £	2020 £
Profit on ordinary activities before tax	1,217,464	2,484,984
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	231,318	472,147
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	596	382
Differences between capital allowances and depreciation	(127,617)	52,209
Utilisation of losses	(104,297)	(524,738)
Total tax charge for the year	-	-

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Taxation (continued)

Factors that may affect future tax charges

At the Statement of financial position date the company had £3,511,279 (2020 - £4,060,213) of tax losses to be carried forward. A deferred tax asset of £757,820 (2020 - £771,440) has not been recognised in respect of these losses due to uncertainty over the timing of the future utilisation of the losses.

In the March 2021 Budget it was announced that the UK corporation tax rate would increase to 25% from 1 April 2023 for profits over £250,000. There is no change in the rate used to measure deferred tax balances at the year end as the tax losses are expected to be used up before the new tax rate is implemented.

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

11. Tangible fixed assets

	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2021	3,654,114	115,161	40,583	3,809,858
Additions	766,974	-	-	766,974
At 31 December 2021	<u>4,421,088</u>	<u>115,161</u>	<u>40,583</u>	<u>4,576,832</u>
Depreciation				
At 1 January 2021	1,578,560	86,818	37,440	1,702,818
Charge for the year	324,314	13,134	2,470	339,918
At 31 December 2021	<u>1,902,874</u>	<u>99,952</u>	<u>39,910</u>	<u>2,042,736</u>
Net book value				
At 31 December 2021	<u><u>2,518,214</u></u>	<u><u>15,209</u></u>	<u><u>673</u></u>	<u><u>2,534,096</u></u>
At 31 December 2020	<u><u>2,075,554</u></u>	<u><u>28,343</u></u>	<u><u>3,143</u></u>	<u><u>2,107,040</u></u>

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

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

12. Debtors

	2021 £	2020 £
Trade debtors	1,498,684	220,649
Amounts owed by group undertakings	-	517,295
Other debtors	25,000	57,804
Prepayments and accrued income	118,773	25,292
	<u>1,642,457</u>	<u>821,040</u>

Amounts receivable from group undertakings are unsecured, non-interest bearing and repayable on demand.

13. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	3,379,351	3,800,928
	<u>3,379,351</u>	<u>3,800,928</u>

All cash held is available for use by the company.

14. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	275,574	71,670
Amounts owed to group undertakings	-	1,650,000
Other taxation and social security	49,009	-
Other creditors	84,016	72,058
Accruals and deferred income	820,481	457,400
	<u>1,229,080</u>	<u>2,251,128</u>

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

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

15. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at amortised cost	<u>4,903,035</u>	<u>4,596,676</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>408,599</u>	<u>1,793,728</u>

Financial assets that are debt instruments measured at amortised cost comprise cash, amounts owed by group undertakings, trade debtors and other debtors.

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

16. Provisions

	Dilapidation provision £
Charged to the Statement of comprehensive income	631,480
At 31 December 2021	<u><u>631,480</u></u>

17. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
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.

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18. Reserves

Profit and loss account

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

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 £10,153 (2020 - £8,184). Contributions totalling £Nil (2020 - £Nil) were outstanding as at year end.

20. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	360,000	360,000
Later than 1 year and not later than 5 years	1,440,000	1,440,000
Later than 5 years	150,000	510,000
	<u>1,950,000</u>	<u>2,310,000</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 amendments to the financial statements.

Trading in 2022 remains positive and the directors anticipate that this trend will continue for the remainder of 2022 specially in view of the growing global tensions and uncertainties in connection with the conflict in Ukraine.

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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.