

Registered number: 06629106

SHARPS PIXLEY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



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

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SHARPS PIXLEY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their Strategic report for Sharps Pixley Limited ("the company") for the year ended 31 December 2022.

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 increased in the year, with turnover increasing by £152,280,953 from £107,576,927 in 2021 to £259,857,880 in 2022.

Gross profit has increased since the prior year from £4,168,893 to £8,167,731, a increase of 96%. The profit for the year after taxation was £4,238,790 (2021 - £1,217,464).

This year we saw increased overheads including advertising and staff salaries, and we note positive movements in foreign exchange, along with an increase in customer base following years of increased marketing and the impact of Russia and Ukraine conflict which are discussed further below. Consequently, the results for 2022 were higher as compared to the prior year.

The company has shown exceptional performance this year, driving growth in the UK market through new client acquisition. The Russia-Ukraine conflict boosted the allure of precious metal ownership globally as investors sought a flight to safety amid broader market uncertainty. Following the strategic repositioning and various strong brand awareness marketing campaigns since 2019, the company was well positioned to capture increased demand and build on our substantial client base.

The company's firm commitment to provide clients with institutional scale, service and support delivered in a uniquely personal way continues to enhance our brand and achieve strong organic growth through word of mouth and existing client referrals, particularly among private clients, family offices and wealth managers.

While highlighting the exceptional growth in precious metal sales, this growth was supported with increasing storage receipts through vaulting and safe deposit box expansion.

Finally, in the second half of the year, it would be remiss not to mention the sad passing of Her Majesty Queen Elizabeth II, and the unprecedented demand which followed for Royal Mint coinage bearing the fifth and final effigy of Queen Elizabeth II.

We look forward to continuing to build upon our success and the board remains confident for the future.

We also note the increased cash balance of £6,125,705, from £3,379,351 in 2021 to £9,505,056 in 2022.

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.

SHARPS PIXLEY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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 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.

The management of Sharps Pixley considers the financial year 2022 as another confirmation of the turnaround since 2020 and are confident for the future of the company. Because of restructuring, cost optimisation, strategic adjustments to the product range, initiated in 2019, together with a more considered marketing strategy, it was possible not only to continue achieving an operating profit but also increase the turnover and net profit.

In terms of business development and brand awareness, Sharps Pixley's ambition to be the most trusted, reputable and transparent precious metal partner for private clients in the UK is gaining traction and winning the coveted business of UHNW private clients and family offices. There was a large increase in 2022, not only from direct approach new accounts, but also indirectly from wealth managers and financial advisors on behalf of their clients. Alongside the growth in bullion sales, we continue to see an increase in safe deposit box occupancy as well as vault custody arrangements. Both these services make up a significant contribution to revenue and helping to cover our fixed costs. The increasing demand for these services is already being taken into account with an expansion to the safe deposit box capacity being carried out, independently of the trade business.

The beneficial owner of Sharps Pixley acquired the existing premises at St James's Street in May 2020, confirming the long-term commitment to Sharps Pixley and belief the company can accomplish extraordinary things. The management of the parent company as well as the beneficial owner continue to see great potential in the physical precious metals business in London. In 2022, the premises in the basement were refurbished and further expanded. In addition, the conversion of the shop area on the ground floor was started in October 2022 and was successfully completed in March 2023.

In view of the development in the last three financial years and the fact that the actions taken are having a noticeable effect, the management is very optimistic about the operational future of Sharps Pixley.

Sanctions in connection with the Ukraine conflict

Even after one year of a higher risk exposure to Russian clients, sanctions are manageable. Administratively, there is still 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. The number of Russian clients is very low the business did not suffer under these sanctions. Former gaps in the supply chain, that 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 have been closed for the time being. The temporary energy shortage caused higher production costs which could be forwarded to the customers.

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.

SHARPS PIXLEY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

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 also notes the risks identified during the COVID-19 pandemic. 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

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.

SHARPS PIXLEY LIMITED

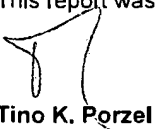
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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.

	2022 £	2021 £
Turnover	259,857,880	107,576,927
Gross profit	8,167,731	4,168,893
Net profit	4,238,790	1,217,464
Cash and cash equivalents	9,505,056	3,379,351

This report was approved by the board on 22 June 2023 and signed on its behalf.


Tino K. Porzel
Director

SHARPS PIXLEY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year, after taxation, amounted to £4,238,790 (2021 - £1,217,464).

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 £7,630,722 and cash and cash equivalent as at the year end of £9,505,056.

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 (2021 - 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 2022**

Post balance sheet events

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

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 22 June 2023 and signed on its behalf.


Tino K. Porzel
Director

SHARPS PIXLEY LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 2022 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 statement of cash flows; and
- the related notes 1 to 24.

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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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 metal sales. There is a risk that management has improperly accounted for 'book' metal sales where the company does not bear the risks and rewards relating to the metal sale transactions in line with applicable accounting standards. There is also the risk that management has applied improper cut off of revenue. Our specific procedures performed to address these risks are described below:

- Assessing management's accounting for 'book' metal sales to ensure these are properly accounted for and excluded from revenue in accordance with applicable accounting standards .
- Examining a sample of sales invoices and related cash receipts around the year end to ensure revenue is recorded in the correct accounting period.

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

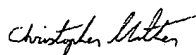
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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

22 June 2023

SHARPS PIXLEY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	259,857,880	107,576,927
Cost of sales		(251,690,149)	(103,408,034)
Gross profit		8,167,731	4,168,893
Administrative expenses		(3,927,010)	(2,995,236)
Operating profit	5	4,240,721	1,173,657
Interest receivable and similar income	9	75,828	43,807
Profit before tax		4,316,549	1,217,464
Tax on profit	10	(77,759)	-
Profit for the financial year		4,238,790	1,217,464

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 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	11	2,956,994	2,534,096
		<u>2,956,994</u>	<u>2,534,096</u>
Current assets			
Stocks	12	125,552	-
Debtors: amounts falling due within one year	13	2,735,107	1,642,457
Cash at bank and in hand	14	9,505,056	3,379,351
		<u>12,365,715</u>	<u>5,021,808</u>
Creditors: amounts falling due within one year	15	(4,734,993)	(1,229,080)
Net current assets		<u>7,630,722</u>	<u>3,792,728</u>
Total assets less current liabilities		<u>10,587,716</u>	<u>6,326,824</u>
Provisions for liabilities			
Provisions	16	(653,582)	(631,480)
		<u>(653,582)</u>	<u>(631,480)</u>
Net assets		<u><u>9,934,134</u></u>	<u><u>5,695,344</u></u>
Capital and reserves			
Called up share capital	17	1,000	1,000
Profit and loss account	18	9,933,134	5,694,344
		<u><u>9,934,134</u></u>	<u><u>5,695,344</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 June 2023.


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 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2022	1,000	5,694,344	5,695,344
Comprehensive income for the year			
Profit for the year	-	4,238,790	4,238,790
Total comprehensive income for the year	-	4,238,790	4,238,790
At 31 December 2022	1,000	9,933,134	9,934,134

**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

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 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit before tax for the financial year	4,316,549	1,217,464
Adjustments for:		
Depreciation of tangible assets	376,371	339,918
Interest received	(75,828)	(43,807)
Increase in stocks	(125,552)	-
Increase in debtors	(1,092,650)	(1,338,712)
Increase in creditors	3,428,154	1,259,432
Decrease in amounts owed to groups	-	(1,132,705)
Increase in provisions	22,102	-
Net cash generated from operating activities	<u>6,849,146</u>	<u>301,590</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(799,269)	(766,974)
Interest received	75,828	43,807
Net cash used in investing activities	<u>(723,441)</u>	<u>(723,167)</u>
Net increase/(decrease) in cash and cash equivalents	<u>6,125,705</u>	<u>(421,577)</u>
Cash and cash equivalents at beginning of year	3,379,351	3,800,928
Cash and cash equivalents at the end of year	<u><u>9,505,056</u></u>	<u><u>3,379,351</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	9,505,056	3,379,351
	<u><u>9,505,056</u></u>	<u><u>3,379,351</u></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 2022

1. General information

Sharps Pixley Limited (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's 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 £7,630,722 and cash and cash equivalent as at the year end of £9,505,056.

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 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.

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

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.

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.

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

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.

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.

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

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.

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

Depreciation is provided on the following basis:

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

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

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

2.10 Stocks

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

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

2.11 Debtors

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

2.12 Cash and cash equivalents

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

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

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.13 Creditors

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

2.14 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.

2.15 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.

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.15 Financial instruments (continued)

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.

2.16 Impairment of assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

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.

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Turnover

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

	2022 £	2021 £
Service income on lockers	1,195,398	853,070
Sale of precious metals	258,662,482	106,723,857
	<u>259,857,880</u>	<u>107,576,927</u>

All turnover arose within the United Kingdom.

5. Operating profit

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

	2022 £	2021 £
Depreciation of tangible fixed assets	376,371	339,918
Exchange differences	(348,939)	(92,022)
Other operating lease rentals	362,265	360,000
	<u>389,697</u>	<u>607,896</u>

6. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	49,000	31,000

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

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

7. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	584,830	438,831
Social security costs	59,713	42,410
Cost of defined contribution scheme	13,593	10,153
	<u>658,136</u>	<u>491,394</u>

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

	2022 No.	2021 No.
Directors	2	2
Sales and administration	5	4
	<u>7</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 (2021 - £Nil).

9. Interest receivable

	2022 £	2021 £
Other interest receivable	75,828	43,807
	<u>75,828</u>	<u>43,807</u>

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	77,759	-
	<u>77,759</u>	<u>-</u>
Total current tax	<u>77,759</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>77,759</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	4,316,549	1,217,464
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	820,144	231,318
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	562	596
Differences between capital allowances and depreciation	(76,036)	(127,617)
Utilisation of losses	(667,143)	(104,297)
Other timing differences leading to an increase (decrease) in taxation	232	-
Total tax charge for the year	<u>77,759</u>	<u>-</u>

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation (continued)

Factors that may affect future tax charges

At the Statement of financial position date the company had £Nil (2021 - £3,511,279) of tax losses to be carried forward. A deferred tax asset of £Nil (2021 - £757,820) 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. All brought forward tax losses have been utilised in the current year and there were no deferred tax balances recognised as at year end.

11. Tangible fixed assets

	Leasehold improvements £	Fixtures & fittings £	Computer equipment £	Work in progress £	Total £
Cost or valuation					
At 1 January 2022	4,421,088	115,161	40,583	-	4,576,832
Additions	565,316	2,297	1,823	229,833	799,269
At 31 December 2022	<u>4,986,404</u>	<u>117,458</u>	<u>42,406</u>	<u>229,833</u>	<u>5,376,101</u>
Depreciation					
At 1 January 2022	1,902,874	99,952	39,910	-	2,042,736
Charge for the year	363,158	12,502	711	-	376,371
At 31 December 2022	<u>2,266,032</u>	<u>112,454</u>	<u>40,621</u>	<u>-</u>	<u>2,419,107</u>
Net book value					
At 31 December 2022	<u>2,720,372</u>	<u>5,004</u>	<u>1,785</u>	<u>229,833</u>	<u>2,956,994</u>
At 31 December 2021	<u>2,518,214</u>	<u>15,209</u>	<u>673</u>	<u>-</u>	<u>2,534,096</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 2022

12. Stocks

	2022 £	2021 £
Precious metals	125,552	-
	<u>125,552</u>	<u>-</u>

13. Debtors

	2022 £	2021 £
Trade debtors	2,105,543	1,498,684
Other debtors	459,822	25,000
Prepayments and accrued income	169,742	118,773
	<u>2,735,107</u>	<u>1,642,457</u>

Trade debtor includes £47,085 (2021: £Nil) related to amounts owed from group undertakings. Amounts owed from group undertakings are unsecured, bear no interest and are repayable on demand.

14. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	9,505,056	3,379,351
	<u>9,505,056</u>	<u>3,379,351</u>

All cash held is available for use by the company.

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	3,601,163	275,574
Corporation tax	77,759	-
Other taxation and social security	91,180	49,009
Other creditors	241,033	84,016
Accruals and deferred income	723,858	820,481
	<u>4,734,993</u>	<u>1,229,080</u>

Trade creditor and other creditors include £189,316 (2021: £Nil) and £151,061 (2021: £Nil) respectively, related to amounts owed to group undertakings. Amounts owed to group undertakings are unsecured, bear no interest and are repayable on demand.

16. Provisions

	Dilapidation provision £
At 1 January 2022	631,480
Charged to the Statement of comprehensive income	22,102
At 31 December 2022	<u><u>653,582</u></u>
	Dilapidation provision £
At 1 January 2021	-
Charged to the Statement of comprehensive income	631,480
At 31 December 2021	<u><u>631,480</u></u>

The Company entered into a rental lease agreement for its shop on 4 May 2020, the terms of which require the Company to restore the shop to its original leased state at the end of the 5 year lease term. The dilapidation provision relates to the estimated costs of restoring the leased shop premises to its original state at the end of the lease term.

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Share capital

	2022 £	2021 £
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
	<hr/> 1,000	<hr/> 1,000

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

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 £13,593 (2021 - £10,153). Contributions totalling £2,201 (2021 - £Nil) were outstanding as at year end.

20. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	360,000	360,000
Later than 1 year and not later than 5 years	1,230,000	1,440,000
Later than 5 years	-	150,000
	<hr/> 1,590,000	<hr/> 1,950,000

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.

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22. Analysis of net debt

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank in hand	3,379,351	6,136,555	9,515,906
Bank overdrafts	-	(10,850)	(10,850)
	<u>3,379,351</u>	<u>6,125,705</u>	<u>9,505,056</u>

23. Post balance sheet events

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

24. 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.