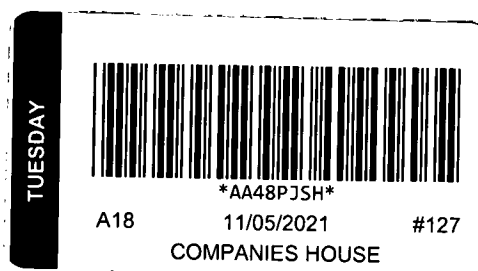

SHARPS PIXLEY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



SHARPS PIXLEY LIMITED

COMPANY INFORMATION

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

SHARPS PIXLEY LIMITED

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SHARPS PIXLEY LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their Strategic report for Sharps Pixley Limited ("the company") for the year ended 31 December 2020.

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 bars and bullion coins. In addition to a wide range of gold and silver products, 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 £78,478,937 from £57,771,161 in 2019 to £136,250,098 in 2020. The increase in turnover in 2020 can be largely attributed to the change in the advertising strategy in 2019, focused on increasing brand awareness and gaining market share. The COVID-19 pandemic and the associated uncertainties on the global markets also made a significant contribution to the increase in turnover. In particular, the temporarily higher trading margin in 2020 is due to the excess demand during the first lockdown wave.

Gross profit has risen strongly since the prior year from £1,770,751 to £4,597,415, an increase of 160%, with a continued drive to create even more efficiencies in the business. The profit for the year was £2,484,984 (2019 - £912,206 loss).

The year saw decreased overheads including advertising and directors' remuneration, and we note positive movements in foreign exchange. Noting these movements, the results of 2020 were an improvement on the prior year.

We also note the increased cash balance of £2,249,404, from £1,551,524 in 2019 to £3,800,928 in 2020.

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 is effective, even in the current crisis. Customer requests can be redirected to the web-shop, and only smaller purchase transactions are having to be declined as they require the physical presence of the salesperson in store.

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

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

SHARPS PIXLEY LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

In view of the current crisis and its impact on the industry, the company can continue to be assured of the Group's full financial support. The parent company is determined and financially able to survive this crisis and to subsequently enjoy a stronger market presence.

Financial instruments

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

Principal risks and uncertainties

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

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

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

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

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

Financial key performance indicators

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

	2020 £	2019 £
Turnover	136,250,098	57,771,161
Gross profit	4,597,415	1,770,751
Cash at bank and in hand	3,800,928	1,551,524

SHARPS PIXLEY LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

This report was approved by the board on

May, 7th 2021

and signed on its behalf.



T K Porzel
Director

SHARPS PIXLEY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £2,484,984 (2019 - loss £912,206).

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

Going concern assumption

The accounts have been prepared on a going concern basis on the assumption that adequate financial resources will continue to be made available from the parent company for at least twelve months from approval of the financial statements. The parent company has provided an undertaking of its continued support for the foreseeable future, being at least 12 months from the date of these financial statements, and the directors have considered the ability of the parent company to provide support and are comfortable that it is in a position to do so, having assessed its financial position and forecasts, including the impact of COVID-19, its capital position, and future liquidity.

In the event that the company returns to making losses, the company's ability to operate will be dependent on the continued financial support of the company's shareholder.

Directors

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

A Habluetzel
T K Porzel

The directors did not benefit from third party indemnities during the year (2019 - 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.

Post balance sheet events

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

Trading in 2021 remains positive and the directors anticipate that this trend will continue for the remainder of 2021.

SHARPS PIXLEY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 May, 7th 2021 and signed on its behalf.



T K Porzel
Director

SHARPS PIXLEY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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;
- 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 2020 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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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. These included anti-money laundering regulations, employment and health and safety law and data protection laws.

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 recognition of revenue from gold sales, and 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.
- Examining Management's approach to recognising revenue from gold sales and the presentation in the financial statements.
- Examining a sample of sales invoices and cash receipts to ensure sales are recorded from third parties.

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 and reviewing correspondence with HMRC.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

Matters on which we are required to report by exception

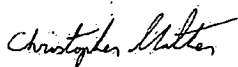
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime.

We have nothing to report in respect of these matters.

Use of our report

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



Christopher Mather - FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
Date: 7 May 2021

SHARPS PIXLEY LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	136,250,098	57,771,161
Cost of sales		(131,652,683)	(56,000,410)
Gross profit		4,597,415	1,770,751
Administrative expenses		(2,122,916)	(2,683,013)
Operating profit/(loss)	5	2,474,499	(912,262)
Interest receivable and similar income	9	10,485	56
Profit/(loss) before tax		2,484,984	(912,206)
Tax on profit/(loss)	10	-	-
Profit/(loss) for the year		2,484,984	(912,206)

All results are from continuing operations.

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 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	2,107,040	2,443,503
		<u>2,107,040</u>	<u>2,443,503</u>
Current assets			
Stocks	12	-	111,145
Debtors: amounts falling due within one year	13	821,040	912,143
Cash at bank and in hand	14	3,800,928	1,551,524
		<u>4,621,968</u>	<u>2,574,812</u>
Creditors: amounts falling due within one year	15	(2,251,128)	(3,025,419)
Net current assets/(liabilities)		<u>2,370,840</u>	<u>(450,607)</u>
Total assets less current liabilities		<u>4,477,880</u>	<u>1,992,896</u>
Net assets		<u><u>4,477,880</u></u>	<u><u>1,992,896</u></u>
Capital and reserves			
Called up share capital	17	1,000	1,000
Profit and loss account	18	4,476,880	1,991,896
		<u>4,477,880</u>	<u>1,992,896</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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


T K Porzel
 Director

7th May 2021

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 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.

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

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

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 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit/(loss) for the financial year	2,484,984	(912,206)
Adjustments for:		
Depreciation of tangible assets	336,968	348,292
Interest received	(10,485)	(56)
Decrease/(increase) in stocks	111,145	(71,578)
Decrease in debtors	608,398	231,983
(Decrease)/increase in creditors	(371,939)	418,372
Decrease in amounts owed to group undertakings	(1,169,647)	(379,424)
Net cash generated from operating activities	<u>1,989,424</u>	<u>(364,617)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(505)	(49,306)
Interest received	10,485	56
Net cash from investing activities	<u>9,980</u>	<u>(49,250)</u>
Increase in amounts owed to group undertakings	250,000	1,400,000
Net cash from financing activities	<u>250,000</u>	<u>1,400,000</u>
Net increase in cash and cash equivalents	<u>2,249,404</u>	<u>986,133</u>
Cash and cash equivalents at beginning of year	1,551,524	565,391
Cash and cash equivalents at the end of year	<u><u>3,800,928</u></u>	<u><u>1,551,524</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,800,928	1,551,524
	<u><u>3,800,928</u></u>	<u><u>1,551,524</u></u>

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 2020**

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	1,551,524	2,249,404	3,800,928
	<u>1,551,524</u>	<u>2,249,404</u>	<u>3,800,928</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 2020

1. General information

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

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Going concern

The accounts have been prepared on a going concern basis on the assumption that adequate financial resources will continue to be made available from the parent company for at least twelve months from approval of the financial statements. The parent company has provided an undertaking of its continued support for the foreseeable future, being at least 12 months from the date of these financial statements, and the directors have considered the ability of the parent company to provide support and are comfortable that it is in a position to do so, having assessed its financial position and forecasts, including the impact of COVID-19, its capital position, and future liquidity.

In the event that the company returns to making losses, the company's ability to operate will be dependent on the continued financial support of the company's shareholder.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 profit or loss 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 profit or loss using the effective interest method.

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

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

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

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

2.9 Tangible fixed assets

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

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 profit or loss.

2.10 Stocks

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

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

2.11 Debtors

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

2.12 Cash and cash equivalents

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

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

2.13 Creditors

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

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

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 profit or loss 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.

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 2020

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:

	2020 £	2019 £
Service income on lockers	725,047	399,545
Sale of gold	135,525,051	57,371,616
	<u>136,250,098</u>	<u>57,771,161</u>

All turnover arose within the United Kingdom.

5. Operating profit/(loss)

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

	2020 £	2019 £
Depreciation of tangible fixed assets	336,968	348,292
Exchange differences	(39,347)	82,065
Operating lease rentals	<u>369,833</u>	<u>406,737</u>

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	26,800	18,500

There were no non-audit fees in the current year or prior year.

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

7. Employees

	2020	2019
	£	£
Wages and salaries	307,141	379,466
Social security costs	22,401	43,191
Cost of defined contribution scheme	8,184	14,461
	337,726	437,118

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

	2020	2019
	No.	No.
Directors	2	2
Sales and administration	4	4
	6	6

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	-	168,231
Company contributions to defined contribution pension schemes	-	6,224
	<u>-</u>	<u>174,455</u>

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

During the year retirement benefits were accruing to no directors (2019 - 1) in respect of defined contribution pension schemes.

9. Interest receivable

	2020 £	2019 £
Other interest receivable	10,485	56
	<u>10,485</u>	<u>56</u>

10. Taxation

	2020 £	2019 £
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>-</u>	<u>-</u>

SHARPS PIXLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

10. Taxation (continued)

Factors affecting tax charge for the year

The company has utilised brought forward tax losses during the year ended 31 December 2020 and will therefore not suffer a tax charge in respect of the year.

	2020 £	2019 £
Profit/(loss) on ordinary activities before tax	2,484,984	(912,206)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	472,147	(173,319)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	382	4,493
Differences between capital allowances and depreciation	52,209	42,136
Additions to losses c/fwd	-	126,690
Utilisation of losses	(524,738)	-
Total tax charge for the year	-	-

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Taxation (continued)

Factors that may affect future tax charges

At the Statement of financial position date the company had £4,060,213 (2019 - £6,821,991) of tax losses to be carried forward. A deferred tax asset of £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. As substantive enactment is after the balance sheet date, there is no change in the rate used to measure deferred tax balances at the year end.

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 2020	3,654,114	114,656	40,583	3,809,353
Additions	-	505	-	505
At 31 December 2020	<u>3,654,114</u>	<u>115,161</u>	<u>40,583</u>	<u>3,809,858</u>
Depreciation				
At 1 January 2020	1,259,271	72,993	33,586	1,365,850
Charge for the year on owned assets	319,289	13,825	3,854	336,968
At 31 December 2020	<u>1,578,560</u>	<u>86,818</u>	<u>37,440</u>	<u>1,702,818</u>
Net book value				
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>
At 31 December 2019	<u><u>2,394,843</u></u>	<u><u>41,663</u></u>	<u><u>6,997</u></u>	<u><u>2,443,503</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 2020

12. Stocks

	2020 £	2019 £
Emotional products	-	60,824
Precious metals	-	50,321
	<u>-</u>	<u>111,145</u>

13. Debtors

	2020 £	2019 £
Trade debtors	220,649	333,931
Amounts owed by group undertakings	517,295	-
Other debtors	57,804	447,345
Prepayments and accrued income	25,292	130,867
	<u>821,040</u>	<u>912,143</u>

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

14. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	3,800,928	1,551,524
	<u>3,800,928</u>	<u>1,551,524</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 2020

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	71,670	590,565
Amounts owed to group undertakings	1,650,000	2,052,352
Other creditors	72,058	127,399
Accruals and deferred income	457,400	255,103
	<u>2,251,128</u>	<u>3,025,419</u>

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

16. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at amortised cost	<u>4,596,676</u>	<u>2,332,800</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>1,793,728</u>	<u>2,770,316</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.

17. Share capital

	2020 £	2019 £
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 2020

18. Reserves

Profit and loss account

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

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

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

19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £8,184 (2019 - £14,461). Contributions totalling £Nil (2019 - £Nil) were outstanding as at year end.

20. Commitments under operating leases

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	360,000	350,000
Later than 1 year and not later than 5 years	1,440,000	1,400,000
Later than 5 years	510,000	845,833
	<u>2,310,000</u>	<u>2,595,833</u>

21. Related party transactions

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

22. Post balance sheet events

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

Trading in 2021 remains positive and the directors anticipate that this trend will continue for the remainder of 2021.

SHARPS PIXLEY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.