

# **THE LONDON BULLION MARKET ASSOCIATION**

**(a company limited by guarantee)**

**Company No. 02205480**

## **FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 December 2021**



**LBMA**



# **The London Bullion Market Association**

## **Directors' Report**

The Directors have pleasure in submitting their thirty-first annual report, together with the financial statements for the year ended 31 December 2021.

### **Principal activities**

The principal activity of the Association is the promotion and regulation of commerce relating to the London Bullion Market through:

- The enhancement of the stature, integrity and standing of The London Bullion Market through effective regulation
- The assessment and communication of local, national and international legislative and regulatory instruments insofar as they affect the London Bullion Market
- Making representations to governments, commissions, agencies and bodies on behalf of the London Bullion
- The provision of services and facilities to promote the interests of, or be of advantage or assistance to the London Bullion Market

### **Results**

The results of the Association for the year ended 31 December 2021 are set out in the Statement of Income and Retained Earnings on page 7.

### **Directors**

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

M. Barkhordar  
D. Collini  
W. Fang  
P. Fisher  
H. Kosai  
R. Kumar  
S. Mirza  
A. Quinn  
I. Strauss- Kahn  
P. Voller  
R. C. Wild

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws 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). 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 London Bullion Market Association Directors' Report**

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure to auditors**

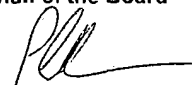
So far as the Directors at the date of approving this report are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

The auditors, Moore Kingston Smith LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report has been prepared in accordance with the provisions relating to companies entitled to the small companies exemption.

**On Behalf of the Board**



**P. Fisher  
Chairman**

7th Floor  
62 Threadneedle Street  
London  
EC2R 8HP

20 May 2022

## **Independent Auditor's Report to the members of The London Bullion Market Association**

### **Opinion**

We have audited the financial statements of The London Bullion Market Association for the year ended 31 December 2021 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 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 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.

### **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.

## **Independent Auditor's Report to the members of The London Bullion Market Association**

### **Opinion 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.

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

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 material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report and from requirement to prepare a strategic report.

### **Directors' Responsibilities**

As explained more fully in the Statement of Directors' Responsibilities, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

## **Independent Auditor's Report to the members of The London Bullion Market Association**

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Independent Auditor's Report to the members of The London Bullion Market Association**

### **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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.



**Luke Holt (Senior Statutory Auditor)**  
**for and on behalf of Moore Kingston Smith LLP**

26 May 2022  
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**Chartered Accountants**  
**Statutory Auditor**

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

**The London Bullion Market Association**  
**Statement of Income and Retained Earnings**  
**For the year ended 31 December 2021**

	Notes	2021 £	2020 £
<b>Income</b>			
Subscriptions and entry fees		2,371,144	1,043,500
Other operating income		<u>2,565,748</u>	<u>2,090,150</u>
		4,936,892	3,133,650
<b>Expenditure</b>			
Administrative expenses		<u>(4,466,682)</u>	<u>(3,702,565)</u>
<b>Operating profit/ (loss)</b>		470,210	(568,915)
Dividend from subsidiary		200,569	296,932
Interest receivable and similar income		<u>2,956</u>	<u>4,506</u>
<b>Surplus on ordinary activities before taxation</b>		673,735	(267,477)
Taxation	3	<u>(15,235)</u>	<u>2,771</u>
<b>Profit/ (Loss) on ordinary activities after taxation</b>		<b>658,500</b>	<b>(264,706)</b>
Reserves at 1 January 2021		<u>1,567,494</u>	<u>1,832,200</u>
Reserves at 31 December 2021		<u><u>2,225,994</u></u>	<u><u>1,567,494</u></u>

The notes on pages 9 to 13 form part of these accounts.

**The London Bullion Market Association**  
**Balance Sheet**  
**As at 31 December 2021**

	Notes	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Intangible fixed assets	4		136,965		154,853
Tangible fixed assets	5		270,310		63,510
Fixed Asset Investment	6		<u>4</u>		<u>4</u>
			407,279		218,367
<b>Current assets</b>					
Stock		75,573		104,546	
Debtors	7	3,934,602		3,195,331	
Cash at bank and in hand		<u>2,357,590</u>		<u>2,380,838</u>	
		6,367,765		5,680,715	
<b>Creditors: Amounts falling due within one year</b>	8	<u>(4,549,050)</u>		<u>(4,331,588)</u>	
<b>Net Current Assets</b>			<u>1,818,715</u>		<u>1,349,127</u>
<b>Net Assets</b>			<u>2,225,994</u>		<u>1,567,494</u>
<b>Capital and Reserves</b>			<u>2,225,994</u>		<u>1,567,494</u>

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

The notes on pages 9 to 13 form part of these accounts.

These financial statements were approved by the Board and authorised for issue on 20 May 2022 and signed on its behalf by:

P. Fisher  
Chairman



Company No. 02205480

# **The London Bullion Market Association** **Notes to the Financial Statements** **For the year ended 31 December 2021 (continued)**

**Accounting Policies**

**1 Company information**

The Association is a company limited by guarantee and has no share capital. It is registered in England and Wales. The registered office is 7th Floor, 62 Threadneedle Street, London, EC2R 8HP.

The members of the Association have each undertaken to contribute to the assets of the Association in the event of it being wound up whilst they are members, or within one year after they cease to be members, for the payment of the debts and liabilities contracted before they cease to be members, such amount as may be required not exceeding £10 per member.

**1.1 Accounting convention**

These financial statements have been prepared in accordance with section 1 A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

**1.2 Going concern**

The company has continued to be impacted by the COVID-19 and the restrictions that have been in place to contain it. The LBMA financial risk management strategy had already established a resilient reserves strategy which has allowed the LBMA continue to have healthy reserves that will maintain a stable platform for future business. Costs are expected to increase as a result of the global economic situation which overall is forecast to result in a reduced profit than in 2021. For these reasons the director has prepared the financial statements on a going concern basis.

**1.3 Income**

Income represents the value of membership and services provided net of value added tax.

**1.4 Intangible fixed assets**

Intangible assets are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Films and Software  
3 years straight line

**1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Improvements to Leasehold Property  
Over the period of the lease

Fixtures and fittings  
5 years straight line

Computer equipment  
3 years straight line

Gold samples  
Not depreciated

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Expenditure on equipment costing more than £500 is capitalised in the year the asset is purchased.

**The London Bullion Market Association**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021 (continued)**

**1.6 Fixed asset investments**

Fixed asset investments, which include investments in subsidiary holdings, are measured at the nominal value of the shareholding.

**1.7 Stocks**

Stocks are stated at the lower of cost and net realisable value.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

**1.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.9 Financial instruments**

Basic financial instruments are measured at amortised cost. The company has no other financial instruments or basic financial instruments measured at fair value.

**1.10 Taxation**

The tax expense represents the sum of the tax currently payable, based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Under the tax principle of mutuality, corporation tax has not been provided on the trading profits, only on the net income from non-members of the association.

**1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.12 Pensions**

The association operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

**1.13 Operating Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**1.14 Group Accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by the Companies Act 2006 not to prepare group accounts.

**The London Bullion Market Association**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021 (continued)**

**2 Employees**

The average monthly number of persons (including directors) employed by the company during the year was 24 (2020: 20).

**3 Taxation**

	2021 £	2020 £
U.K. current year corporation tax	(15,235)	-
U.K. prior year corporation tax	-	2,771
U.K. total corporation tax	<u>(15,235)</u>	<u>2,771</u>

Under the tax principle of mutuality, corporation tax has not been provided on the trading profits, only on the net income from non-members of the Association.

**4 Intangible fixed assets**

	Films £	Software £	Total £
<b>Cost</b>			
At 1 January 2021	36,846	383,011	419,857
Additions	16,000	52,650	68,650
Disposals	-	(26,933)	(26,933)
At 31st December 2021	<u>52,846</u>	<u>408,728</u>	<u>461,574</u>
<b>Amortisation</b>			
At 1 January 2021	27,393	237,612	265,005
Charge for the year	9,346	77,191	86,537
Depreciation on disposals	-	(26,933)	(26,933)
At 31 December 2021	<u>36,739</u>	<u>287,870</u>	<u>324,609</u>
<b>Net Book Value</b>			
At 31 December 2021	<u>16,107</u>	<u>120,858</u>	<u>136,965</u>
At 31 December 2020	<u>9,453</u>	<u>145,399</u>	<u>154,852</u>

**The London Bullion Market Association**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021 (continued)**

<b>5 Tangible Fixed Assets</b>	<b>Improvements to Leasehold Property</b>	<b>Fixtures and Fittings</b>	<b>Computer equipment</b>	<b>Gold samples</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2021	166,618	37,169	107,850	13,014	324,651
Additions	145,609	28,130	67,038	-	240,777
Disposals	(166,618)	(37,169)	(47,952)	-	(251,739)
At 31 December 2021	145,609	28,130	126,936	13,014	313,689
<b>Depreciation</b>					
At 1 January 2021	158,667	37,169	65,305	-	261,141
Charge for the year	7,951	-	25,272	-	33,223
Depreciation on disposals	(166,618)	(37,169)	(47,198)	-	(250,985)
At 31 December 2021	-	-	43,379	-	43,379
<b>Net Book Value</b>					
At 31 December 2021	145,609	28,130	83,557	13,014	270,310
At 31 December 2020	7,951	-	42,545	13,014	63,510

<b>6 Fixed asset investments</b>	<b>Shares in group undertakings £</b>
<b>Cost</b>	
At 1 January 2021	4
Additions	-
At 31 December 2021	4
<b>Net book value</b>	
At 31 December 2020	4

The company holds 100% of the share capital of Precious Metals Prices Limited, a company registered in England and Wales.

The company also has two other dormant subsidiaries- The London Gold Market Limited and The London Gold Futures Market Limited. Both are registered in England and Wales.

**The London Bullion Market Association**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2021 (continued)**

**7 Debtors**

<b>Amounts falling due within one year:</b>	<b>2021</b>	<b>2020</b>
	£	£
Trade debtors	3,284,876	2,795,937
Prepayments	460,917	296,207
Other debtors	97,655	70,396
Amounts owed by group undertakings	-	32,791
	<u>3,843,448</u>	<u>3,195,331</u>
<b>Amounts falling due after more than one year:</b>	<b>2021</b>	<b>2020</b>
	£	£
Other debtors	91,154	-
	<u>91,154</u>	<u>-</u>
	<u>3,934,602</u>	<u>3,195,331</u>

<b>8 Creditors: Amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
	£	£
Trade creditors	237,331	56,382
Corporation tax	15,235	-
Accruals and deferred income	4,154,267	4,026,749
Other taxation and social security	142,213	248,453
Other creditors	4	4
<b>Total debtors</b>	<u>4,549,050</u>	<u>4,331,588</u>

**9 Financial commitments**

At 31 December 2021 the company had outstanding commitments for future minimum lease payments

	<b>Land &amp; Buildings</b>		<b>Other</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	£	£	£	£
Operating leases which payable:				
In less than one year	71,390	144,130	-	10,170
Between two and five years	989,082	-	-	13,560
Over five years	602,504	-	-	-
	<u>1,662,976</u>	<u>144,130</u>	<u>-</u>	<u>23,730</u>

**10 Controlling party**

There is no ultimate controlling party.

**11 Capital commitments**

During 2021 the company committed to spend £347,029 in respect of the fit-out of newly leased office