

COMPANIES HOUSE COPY

Cookson Precious Metals Limited

Report and Financial Statements

Year Ended

31 December 2013

Company Number 02775187

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Cookson Precious Metals Limited

Report and financial statements
for the year ended 31 December 2013

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Directors

S J Bate
Dr J Brenk
Dr P R Dorner
P W Evans
R S Oldroyd

Secretary and registered office

P W Evans, 59-83 Vittoria Street, Birmingham

Company number

02775187

Auditors

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

Cookson Precious Metals Limited

Strategic report for the year ended 31 December 2013

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2013.

Review of the Business

On 31 May 2013, the Company was acquired by Heimerle + Meule GmbH, based in Pforzheim, Germany, a wholly owned subsidiary of L. Possehl & Co mbH, a privately-owned group of companies based in Lubeck, Germany.

As shown in the company's profit and loss account on page 7, the company's turnover reduced from £502.2m to £231.5m as a result of reducing metal commodity prices and as a result of lower sales of precious metal due to reduced precious metal refining activity. In addition, the company's directors made the decision to review and amend the turnover recognition policy to record the sale of scrap metal products within turnover rather than netting off within cost of sales as the directors considered this treatment to be more appropriate to record these activities (which are "back to back" in terms of pricing) separately. This has resulted in revenue and cost of sales in 2012 increasing by £450,037,000 but does not affect the reported profit of the company for 2012.

The reduction in turnover due to the reduced metal refining activity along with the impact of the decision to withdraw from certain product areas at the end of 2012, saw the company's gross profit reduce by £2,427,000 or 20% compared to 2012.

The reduction in gross profit margin has been offset by a reduction in distribution costs, largely driven by the withdrawal of certain product areas as referred to above, and a reduction in administrative expenses as a result of non-recurring exceptional items. The acquisition has benefited the company by a significant reduction in group recharges and a reduction in interest charges as the company has taken the opportunity to review its financing facilities.

While reflecting the profit for the year, the balance sheet on page 8 of the financial statements shows that the company's financial position at the year end is otherwise consistent with the prior year.

Principal risks & uncertainties

Competitive pressure in Europe, India and the Far East, by way of imports into the UK market and globalisation through E-Commerce, is a continuing risk for the company, which could result in losing key sales to competitors. To manage this risk, the company strives to provide added-value products and services to its customers; prompt response times in the supply of products and services and the handling of customer queries; and through the maintenance of strong relationships with customers.

The company purchases from and sells into international markets and it is therefore exposed to currency movements on such transactions. Where appropriate, the company manages this risk by applying practices which seek to mitigate currency fluctuations.

The company's business may be affected by fluctuations in the price and supply of key raw materials, particularly precious metals which are subject to fluctuating prices as market commodities. The company employs financing and purchasing policies and practices to mitigate these risks where practicable.

The group risks to which L. Possehl & Co mbH is exposed to are discussed in L. Possehl's Annual Report which does not form part of this report.

Cookson Precious Metals Limited

Strategic report for the year ended 31 December 2013 *(continued)*

Key performance indicators

The key performance indicators used by the business to measure operating performance are as follows:

	2013 £'000	2012 As restated £'000
Turnover	231,496	502,175
Gross profit	9,688	12,115
Gross profit margin	4.2%	2.4%
Net profit margin	2.0%	3.7%

Research & development

L. Possehl & Co mbH invests in research and development activities appropriate to the size and nature of its operations with the aim of supporting the future development of the Company. This research and development activity may result from time to time in updates to existing products or services as appropriate.

Environment

The company recognise the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities.

On behalf of the board



P W Evans
Director
10 July 2014

Cookson Precious Metals Limited

Report of the directors for the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year.

Financial instruments

The company is financed by share capital, and a group guaranteed precious metal consignment and monetary bank facilities. The company has no long term third party debt. Details of the use of financial instruments by the company are contained in note 10 of the financial statements.

Post balance sheet events

On 20 May 2014 the company passed a special resolution that the issued share capital of the company be reduced from £30,000,002 to £7,000,000 by cancelling and extinguishing 23,000,002 issued and fully paid ordinary shares of £1 each in the capital of the company and returning £6,000,000 of the capital paid up on those shares to the holders of them and by releasing £17,000,002 to the distributable reserves of the company.

Directors

The directors of the company during the year were:

S J Bate
Dr J Brenk - appointed 31 May 2013
Dr P R Dorner - appointed 31 May 2013
P W Evans
R S Oldroyd
R S Fell - resigned 21 March 2013
B R Elliston - resigned 31 May 2013
R M H Malthouse - resigned 31 May 2013
S C Layton - resigned 3 October 2013

Cookson Precious Metals Limited

Report of the directors for the year ended 31 December 2013 *(continued)*

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

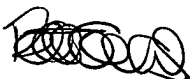
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



P W Evans
Director

10 July 2014

Cookson Precious Metals Limited

Independent auditor's report

To the members of Cookson Precious Metals Limited

We have audited the financial statements of Cookson Precious Metals Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.


Cookson Precious Metals Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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.


29 July 2018

Thomas Lawton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Cookson Precious Metals Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 As restated £'000
Turnover	3	231,496	502,175
Cost of sales		221,808	490,060
Gross profit		9,688	12,115
Distribution costs		5,057	5,511
Administrative expenses- including exceptional costs of £Nil (2012 - £643,000)	2	3,828	5,199
Operating profit	4	803	1,405
Interest payable and similar charges	7	(576)	(960)
Profit on ordinary activities before taxation		227	445
Taxation on profit on ordinary activities	8	-	-
Profit on ordinary activities after taxation		227	445

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 9 to 17 form part of these financial statements.

Cookson Precious Metals Limited

Balance sheet at 31 December 2013

<i>Company number 02775187</i>	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Tangible assets	9		3,432		3,496
Current assets					
Stocks	10	1,351		2,250	
Debtors	11	3,910		9,536	
Cash at bank and in hand		9,084		7,431	
		<u>14,345</u>		<u>19,217</u>	
Creditors: amounts falling due within one year	12	<u>4,385</u>		<u>9,464</u>	
Net current assets			<u>9,960</u>		<u>9,753</u>
Total assets less current liabilities			<u>13,392</u>		<u>13,249</u>
Provisions for liabilities	13		<u>-</u>		<u>84</u>
			<u>13,392</u>		<u>13,165</u>
Capital and reserves					
Called up share capital	15		30,000		30,000
Profit and loss account	16		(16,608)		(16,835)
Shareholders' funds	17		<u>13,392</u>		<u>13,165</u>

The financial statements were approved by the board of directors and authorised for issue on 10 July 2014.



S J Bate
Director

The notes on pages 9 to 17 form part of these financial statements.

Cookson Precious Metals Limited

Notes forming part of the financial statements for the year ended 31 December 2013

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Going concern

After making enquiries into the future trading forecasts and cash requirements the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company has adequate resources to meet its obligations and continue in operational existence for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis in preparing the directors report and accounts.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by L. Possehl & Co. mbH and the company is included in consolidated financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover is recognised when the principal risks and rewards of ownership transfers to the customer which is normally at the point of dispatch.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Freehold buildings	- 2% per annum straight line
Plant and machinery	- 7% - 20% per annum straight line

Freehold land is not depreciated.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprised expenditure directly incurred in purchasing or manufacturing stocks together with, where appropriate, attributable overheads based on normal activity levels.

Inventories of gold, silver and platinum group metals are valued according to the source from which the metal is obtained. Metal which has been purchased and committed to future sales to customers or hedged in metal markets is valued at the price at which it is contractually committed or hedged. Other precious metal inventories owned by the company which are unhedged, are valued at the lower of cost and net realisable value using the prevailing precious metal fix prices at the balance sheet date.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Cookson Precious Metals Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Operating lease costs are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Exceptional costs

Exceptional costs included in the prior year figure relate to restructuring costs for the closure of Cookson Precious Metals Thailand and the withdrawal from specific finished jewellery products in the UK.

3 Turnover

	2013	2012
	£'000	As restated £'000
Analysis by geographical market:		
United Kingdom	226,310	495,081
Europe	4,112	5,527
Rest of the world	1,074	1,567
	<u>231,496</u>	<u>502,175</u>

Turnover is wholly attributable to the principal activity of the company.

Change to accounting policy:

Revenue and cost of sales in 2012 have increased by £450,037,000 compared to the figures shown in the prior year accounts to properly record the sale of scrap metal products which were previously netted off within cost of sales. The directors now consider that it is more appropriate to record these activities (which are "back to back" in terms of pricing) separately within turnover and cost of sales. This restatement has been shown as a prior year adjustment but does not affect the reported profit of the company for 2012.

Cookson Precious Metals Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (continued)

4 Operating profit

	2013 £'000	2012 £'000
This is arrived at after charging:		
Depreciation of tangible fixed assets	371	348
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	30	47
Fees payable to the company's auditor or an associate of the company's auditor for taxation compliance services	6	-
Operating lease rentals - land and building	134	111
Operating lease rentals - other	194	126
	<u> </u>	<u> </u>

5 Employees

Staff costs (including directors) consist of:

	2013 £'000	2012 £'000
Wages and salaries	5,584	6,041
Social security costs	482	551
Other pension costs	637	620
	<u> </u>	<u> </u>
	6,703	7,212
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was as follows:

	2013 Number	2012 Number
Production	53	56
Administration and Selling	130	130
	<u> </u>	<u> </u>
	183	186
	<u> </u>	<u> </u>

6 Directors' remuneration

	2013 £'000	2012 £'000
Directors' emoluments	660	582
Amounts receivable under long-term incentive schemes	-	275
Company contributions to money purchase pension schemes	53	105
	<u> </u>	<u> </u>

There were 3 in the company's defined contribution pension scheme during the year (2012 - 4).

Cookson Precious Metals Limited

Notes forming part of the financial statements for the year ended 31 December 2013 (*continued*)

6 Directors' remuneration (*continued*)

The total amount payable to the highest paid director in respect of emoluments was £291,000 (2012 - £447,000). Company pension contributions of £Nil (2012 - £6,000) were made to a money purchase scheme on their behalf.

7 Interest payable and similar charges

	2013 £'000	2012 £'000
Bank loans and overdrafts	-	22
Precious metals consignment interest	576	865
Loans from group companies	-	73
	<hr/>	<hr/>
	576	960
	<hr/>	<hr/>

Cookson Precious Metals Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

8 Taxation on profit on ordinary activities

	2013 £'000	2012 As restated £'000
<i>UK Corporation tax</i>		
Current tax on profits of the year	-	-
	<u> </u>	<u> </u>
Taxation on profit on ordinary activities	-	-
	<u> </u>	<u> </u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax.

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	227	445
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23% (2012 - 24%)	52	109
Effect of:		
Expenses not deductible for tax purposes	5	152
Capital allowances for period in (excess)/deficit of depreciation	(27)	8
Utilisation of tax losses	(34)	(277)
Transfer pricing adjustment	23	-
Other timing differences	(19)	8
	<u> </u>	<u> </u>
Current tax charge for the year	-	-
	<u> </u>	<u> </u>

Factors that may affect future tax charges

The 2014 budget reduced the corporation tax rate to 21% to apply from 1 April 2014 and 20% to apply from 1 April 2015. This was substantively enacted on 3 July 2013.

There are unrecognised deferred tax assets of £1.1m (2012 - £1.4m), available for offset against future taxable profits.

Cookson Precious Metals Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (continued)

9 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
<i>Cost</i>			
At 1 January 2013	2,903	2,728	5,631
Additions	-	307	307
	<hr/>	<hr/>	<hr/>
At 31 December 2013	2,903	3,035	5,938
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2013	1,186	949	2,135
Provided for the year	64	307	371
	<hr/>	<hr/>	<hr/>
At 31 December 2013	1,250	1,256	2,506
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2013	1,653	1,779	3,432
	<hr/>	<hr/>	<hr/>
At 31 December 2012	1,717	1,779	3,496
	<hr/>	<hr/>	<hr/>

10 Stocks

	2013 £'000	2012 £'000
Raw materials and consumables	123	892
Work in progress	155	123
Finished goods and goods for resale	1,073	1,235
	<hr/>	<hr/>
	1,351	2,250
	<hr/>	<hr/>

Consignment stock

In addition to the stocks recorded in the balance sheet, the Company held precious metals on consignment terms with a total value at 31 December 2013 of £32.8m (2012 - £27.5 million), as explained further below. The Company also held precious metals on consignment terms on behalf of customers for processing, the total value of which at 31 December 2013 was £3.6m (2012 - £4.7 million).

The company has entered into various precious metal consignment arrangements with precious metal consigning entities ("the Consignors") until the stock is purchased by the company. As the Consignors retain title and associated risks and rewards of ownership under these arrangements, the value of the physical metal held is not recognised in the Company balance sheet. The utilisation of consigned precious metal is established practice in the precious metals industry.

There is no material difference between the replacement cost of stocks and the amounts stated above.

Cookson Precious Metals Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 *(continued)*

11 Debtors

	2013 £'000	2012 £'000
Trade debtors	2,866	3,916
Amounts owed by group undertakings	851	5,387
Prepayments and accrued income	193	233
	<u>3,910</u>	<u>9,536</u>

All amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Bank loans and overdrafts (secured)	-	632
Trade creditors	1,915	1,796
Amounts owed to group undertakings	233	4,302
Taxation and social security	1,150	774
Accruals and deferred income	1,087	1,960
	<u>4,385</u>	<u>9,464</u>

13 Provisions for liabilities

	£'000
At 1 January 2013	84
Utilised in year	(84)
	<u>-</u>
At 31 December 2013	-

The provisions in the prior year related to the cost of group restructuring which was all completed during the year.

Cookson Precious Metals Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

14 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £637,000 (2012 - £620,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

15 Share capital

	2013 £'000	2012 £'000
<i>Allotted, called up and fully paid</i>		
30,000,002 ordinary shares of £1 each	30,000	30,000

On 20 May 2014 the company passed a special resolution that the issued share capital of the company be reduced from £30,000,002 to £7,000,000 by cancelling and extinguishing 23,000,002 issued and fully paid ordinary shares of £1 each in the capital of the company and returning £6,000,000 of the capital paid up on those shares to the holders of them and by releasing £17,000,002 to the distributable reserves of the company.

16 Reserves

	Profit and loss account £'000
At 1 January 2013	(16,835)
Profit for the year	227
	<hr/>
At 31 December 2013	(16,608)
	<hr/>

17 Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Profit for the year	227	445
Opening shareholders' funds	13,165	12,720
	<hr/>	<hr/>
Closing shareholders' funds	13,392	13,165
	<hr/>	<hr/>

Cookson Precious Metals Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (continued)

18 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2013 £'000	Other 2013 £'000	Land and buildings 2012 £'000	Other 2012 £'000
Operating leases which expire:				
Within one year	-	69	105	65
In two to five years	-	44	-	60
After five years	122	-	6	1
	<u>122</u>	<u>113</u>	<u>111</u>	<u>126</u>

19 Related party disclosures

The company is a wholly owned subsidiary of L.Possehl & Co. mbH and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with L.Possehl & Co. mbH or other wholly owned subsidiaries within the group.

20 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of L.L. Possehl & Co. mbH which is the ultimate parent company incorporated in Germany.

The largest group in which the results of the company are consolidated is that headed by L. Possehl & Co. mbH, incorporated in Germany. The smallest group in which they are consolidated is that headed by Heimerle & Meule GmbH, incorporated in Germany. The consolidated accounts are available to the public and may be obtained from Beckergrube 38-52, 23552 Lübeck, Germany.