

COMPANIES HOUSE COPY

Cookson Precious Metals Limited

Report and Financial Statements

Year Ended

31 December 2014

Company Number 02775187

THURSDAY



A4C88J2G

A13

23/07/2015

#162

COMPANIES HOUSE

Cookson Precious Metals Limited

**Report and financial statements
for the year ended 31 December 2014**

Contents

Page:

1	Strategic report
3	Report of the directors
5	Independent auditor's report
7	Profit and loss account
8	Balance sheet
9	Notes forming part of the financial statements

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 2014

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2014.

Review of the Business

As shown in the company's profit and loss account on page 7, the company's turnover increased from £231.5m to £272.6m as a result of underlying increases in business in all channels, but most notably an increase in fine gold products which resulted in a high turnover impact for the net margin earned. These activities also contributed to the increase in gross profit in monetary terms from £9.7m to £11.1m.

Increases in distribution costs are the result of increased variable costs in line with the increasing sales reported, as well as continued investment in marketing and internet development. Administrative expenses reduced by the benefit of removing the effect of significant group charges which were recharged by the previous group company, as 2014 was the first full year under the ultimate control of L. Possehl & Co mbH.

During the year, 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. The company remains in a strong financial position.

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 2014 (*continued*)

Key performance indicators

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

	2014 £'000	2013 £'000
Turnover	272,622	231,496
Gross profit	11,086	9,688
Gross profit margin	4.1%	4.2%
Net profit margin	0.7%	0.1%

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
16 July 2015

Cookson Precious Metals Limited

Report of the directors for the year ended 31 December 2014

Results and dividends

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

The directors have proposed a final dividend of £1,000,000.

Financial instruments

The company is financed by share capital and 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 9 of the financial statements.

Directors

The directors of the company during the year were:

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

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.

Cookson Precious Metals Limited

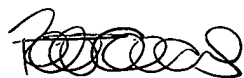
Report of the directors for the year ended 31 December 2014 (continued)

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 have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



**P W Evans
Director**

16 July 2015

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 2014 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 2014 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.

300 L5
16 July 2015

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 2014

	Note	2014 £'000	2013 £'000
Turnover	2	272,622	231,496
Cost of sales		261,563	221,808
Gross profit		11,059	9,688
Distribution costs		5,659	5,057
Administrative expenses		2,841	3,828
Operating profit	3	2,559	803
Interest payable and similar charges	6	(746)	(576)
Profit on ordinary activities before taxation		1,813	227
Taxation on profit on ordinary activities	7	-	-
Profit on ordinary activities after taxation		1,813	227

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 16 form part of these financial statements.

Cookson Precious Metals Limited

Balance sheet at 31 December 2014

<i>Company number 02775187</i>	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Fixed assets					
Tangible assets	8		3,600		3,432
Current assets					
Stocks	9	1,637		1,351	
Debtors	10	4,939		3,910	
Cash at bank and in hand		4,237		9,084	
		<u>10,813</u>		<u>14,345</u>	
Creditors: amounts falling due within one year	11	<u>5,208</u>		<u>4,385</u>	
Net current assets			<u>5,605</u>		<u>9,960</u>
Total assets less current liabilities			<u>9,205</u>		<u>13,392</u>
Capital and reserves					
Called up share capital	13		7,000		30,000
Profit and loss account	14		2,205		(16,608)
Shareholders' funds	15		<u>9,205</u>		<u>13,392</u>

The financial statements were approved by the board of directors and authorised for issue on 16 July 2015.


S J Bate
Director

The notes on pages 9 to 16 form part of these financial statements.

Cookson Precious Metals Limited

Notes forming part of the financial statements for the year ended 31 December 2014

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 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 comprises 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 2014 (*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 Turnover

	2014 £'000	2013 £'000
Analysis by geographical market:		
United Kingdom	267,969	226,310
Europe	3,240	4,112
Rest of the world	1,413	1,074
	<u>272,622</u>	<u>231,496</u>

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

3 Operating profit

	2014 £'000	2013 £'000
This is arrived at after charging:		
Depreciation of tangible fixed assets	374	371
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	30
Fees payable to the company's auditor or an associate of the company's auditor for taxation compliance services	6	6
Exchange differences	91	128
Operating lease rentals - land and building	125	134
Operating lease rentals - other	200	194
	<u>726</u>	<u>863</u>

Cookson Precious Metals Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

4 Employees

Staff costs (including directors) consist of:

	2014 £'000	2013 £'000
Wages and salaries	5,758	5,584
Social security costs	474	482
Other pension costs	641	637
	<u>6,873</u>	<u>6,703</u>

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

	2014 Number	2013 Number
Production	53	53
Administration and Selling	132	130
	<u>185</u>	<u>183</u>

5 Directors' remuneration

	2014 £'000	2013 £'000
Directors' emoluments	331	660
Company contributions to money purchase pension schemes	48	53
	<u></u>	<u></u>

There were 3 in the company's defined contribution pension scheme during the year (2013 - 3).

The total amount payable to the highest paid director in respect of emoluments was £124,681 (2013 - £291,000). Company pension contributions of £19,766 (2013 - £Nil) were made to a money purchase scheme on their behalf.

6 Interest payable and similar charges

	2014 £'000	2013 £'000
Precious metals consignment interest	746	576
	<u></u>	<u></u>

Cookson Precious Metals Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (*continued*)

7 Taxation on profit on ordinary activities

	2014	2013
	£'000	£'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 different to the standard rate of corporation tax in the UK applied to profit before tax.

	2014	2013
	£'000	£'000
Profit on ordinary activities before tax	1,813	227
	<u> </u>	<u> </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21.5% (2013 - 23%)	390	52
Effect of:		
Expenses not deductible for tax purposes	14	5
Depreciation for period in deficit / (excess) of capital allowances	9	(27)
Utilisation of tax losses	(413)	(34)
Transfer pricing adjustment	-	23
Other timing differences	-	(19)
	<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 20% to apply from 1 April 2015.

A number of changes to the UK Corporation tax system were announced in the July 2015 Budget, including that the main rate of Corporation Tax rate would reduce to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. These tax rate reductions have not been substantively enacted to date and therefore have not been reflected in the financial statements.

There are unrecognised deferred tax assets of £0.9m (2013 - £1.1m), available for offset against future taxable profits.

Cookson Precious Metals Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (*continued*)

8 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
<i>Cost</i>			
At 1 January 2014	2,903	3,035	5,938
Additions	-	542	542
Disposals	-	(20)	(20)
	<hr/>	<hr/>	<hr/>
At 31 December 2014	2,903	3,557	6,460
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2014	1,250	1,256	2,506
Provided for the year	64	310	374
Disposals	-	(20)	(20)
	<hr/>	<hr/>	<hr/>
At 31 December 2014	1,314	1,546	2,860
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2014	1,589	2,011	3,600
	<hr/>	<hr/>	<hr/>
At 31 December 2013	1,653	1,779	3,432
	<hr/>	<hr/>	<hr/>

9 Stocks

	2014 £'000	2013 £'000
Raw materials and consumables	19	123
Work in progress	134	155
Finished goods and goods for resale	1,484	1,073
	<hr/>	<hr/>
	1,637	1,351
	<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 2014 of £47.4m (2013 - £32.8 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 2014 was £1.3m (2013 - £3.6 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.

Cookson Precious Metals Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (*continued*)

9 Stocks (*continued*)

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

10 Debtors

	2014 £'000	2013 £'000
Trade debtors	4,472	2,866
Amounts owed by group undertakings	277	851
Prepayments and accrued income	190	193
	<u>4,939</u>	<u>3,910</u>

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

11 Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	3,161	1,915
Amounts owed to group undertakings	581	233
Taxation and social security	184	1,150
Accruals and deferred income	1,282	1,087
	<u>5,208</u>	<u>4,385</u>

Cookson Precious Metals Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (*continued*)

12 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 £641,000 (2013 - £637,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

13 Share capital

	2014 £'000	2013 £'000
<i>Allotted, called up and fully paid</i>		
7,000,000 Ordinary shares of £1 each	7,000	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.

14 Reserves

	Profit and loss account £'000
At 1 January 2014	(16,608)
Profit for the year	1,813
Shares extinguished / redeemed	17,000
At 31 December 2014	2,205

15 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Profit for the year	1,813	227
Shares redeemed	(6,000)	-
Net (deductions from)/additions to shareholders' funds	(4,187)	227
Opening shareholders' funds	13,392	13,165
Closing shareholders' funds	9,205	13,392

Cookson Precious Metals Limited

Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)

16 Commitments under operating leases

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

	Land and buildings 2014 £'000	Other 2014 £'000	Land and buildings 2013 £'000	Other 2013 £'000
Operating leases which expire:				
Within one year	-	28	-	69
In two to five years	-	93	-	44
After five years	122	-	122	-
	<u>122</u>	<u>121</u>	<u>122</u>	<u>113</u>

17 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.

18 Post balance sheet events

Since the year end a dividend of £1,000,000 has been declared.

19 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of 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.