

**Cookson Precious Metals Limited**

Report and Financial Statements

Year Ended

31 December 2017

Company Number 02775187



# **Cookson Precious Metals Limited**

## **Report and financial statements for the year ended 31 December 2017**

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### **Directors**

S J Bate  
P W Evans  
M E Bach

### **Secretary and registered office**

P W Evans, 59-83 Vittoria Street, Birmingham, B1 3NZ

### **Company number**

02775187

### **Auditors**

BDO LLP, Two Snowhill, Birmingham, B4 6GA

# Cookson Precious Metals Limited

## Strategic Report for the year ended 31 December 2017

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2017.

### Business review

As shown on the company's Statement of Comprehensive Income on page 8, the company's turnover decreased from £384.8 m to £277.5m due to a decrease in sales of fine gold products which results in a high turnover impact for a lower level of net margin earned, and a reduction in volumes of precious metal scraps. There are also continued increases in sales in other channels at substantially higher margins, but lower turnover impact. The overall effect on gross profit has resulted in a marginal 0.7% increase, from £14.4m to £14.5m.

Increases in distribution costs are the result of increased variable costs in line with the underlying increasing sales, as well as on-going investment in marketing and internet development. Administrative expenses have reduced on prior year principally due to reduced expenses in relation to bad and doubtful debts, and an increase in exchange rate gains on foreign currency related transactions, assets and liabilities.

### Principal risks and 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.

### Financial key performance indicators

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

	2017	2016
Turnover (£'000)	277,452	384,758
Gross profit (£'000)	14,465	14,360
Gross profit margin	5.2%	3.7%
Net profit margin	1.0%	0.8%

### Research and 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.

# **Cookson Precious Metals Limited**

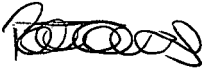
## **Strategic Report for the year ended 31 December 2017 (*continued*)**

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### **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.

This report was approved by the board and signed on its behalf by:



**P W Evans  
Director**

6 June 2018

# **Cookson Precious Metals Limited**

## **Directors' Report for the year ended 31 December 2017**

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The directors present their report and the financial statements for the year ended 31 December 2017.

### **Results and dividends**

The profit for the year, after taxation, amounted to £2,165,000 (2016 - £2,751,000).

A £2,000,000 dividend has been paid during the year (2016 - £1,500,000). The directors have not proposed the payment of a final dividend (2016 - £Nil).

### **Directors**

The directors who served during the year and to the date of approval of these financial statements were:

S J Bate  
Dr J Brenk (resigned 1 September 2017)  
P W Evans  
T Frey (resigned 1 September 2017)  
M E Bach (appointed 1 January 2017)

### **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 debts. Details of the use of metal consignment stocks are contained in note 11 of the financial statements.

### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that 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 auditors are aware of that information.

# Cookson Precious Metals Limited

## Directors' Report for the year ended 31 December 2017 *(continued)*

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### 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 judgments 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; and
- 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

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 6 June 2018 and signed on its behalf.



**P W Evans**  
Director

# Cookson Precious Metals Limited

## Independent Auditor's Report to the members of Cookson Precious Metals Limited

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### Opinion

We have audited the financial statements of Cookson Precious Metals Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of 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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **Cookson Precious Metals Limited**

## **Independent Auditor's Report to the members of Cookson Precious Metals Limited (continued)**

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### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have 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 strategic report and director's report.

We have nothing to report in respect of the following matters in relation to which 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.



# Cookson Precious Metals Limited

## Independent Auditor's Report to the members of Cookson Precious Metals Limited (*continued*)

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### Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 determines 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### 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.

300 LLP

**Samantha Lifford** (Senior Statutory Auditor)  
for and on behalf of BDO LLP, Statutory Auditor  
Birmingham  
United Kingdom

8 June 2018

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

# Cookson Precious Metals Limited

## Statement of Comprehensive Income For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
<b>Turnover</b>	3	<b>277,452</b>	384,758
Cost of sales		<b>(262,987)</b>	(370,398)
<b>Gross profit</b>		<b>14,465</b>	14,360
Distribution costs		<b>(7,908)</b>	(7,312)
Administrative expenses		<b>(3,066)</b>	(3,395)
<b>Operating profit</b>	4	<b>3,491</b>	3,653
Interest payable and similar charges	7	<b>(822)</b>	(713)
<b>Profit before tax</b>		<b>2,669</b>	2,940
Taxation on profit from ordinary activities	9	<b>(504)</b>	(189)
<b>Profit for the year</b>		<b>2,165</b>	2,751
<b>Total comprehensive income for the year</b>		<b>2,165</b>	2,751

There were no recognised gains and losses for 2017 or 2016 other than those included in the Statement of Comprehensive income.

All amounts relate to continuing activities.

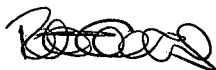
The notes on pages 11 to 23 form part of these financial statements.

# Cookson Precious Metals Limited

## Statement of Financial Position As at 31 December 2017

<i>Company number 02775187</i>	<b>Note</b>	<b>2017 £'000</b>	<b>2017 £'000</b>	<b>2016 £'000</b>	<b>2016 £'000</b>
<b>Fixed assets</b>					
Tangible assets	10		4,031		3,948
<b>Current assets</b>					
Stocks	11	3,236		2,849	
Debtors	12	4,277		4,101	
Cash at bank and in hand		5,709		6,550	
		<u>13,222</u>		<u>13,500</u>	
Creditors: amounts falling due within one year	13	(5,157)		(5,654)	
<b>Net current assets</b>			<u>8,065</u>		<u>7,846</u>
<b>Total assets less current liabilities</b>			<u>12,096</u>		<u>11,794</u>
Creditors: amounts falling due after more than one year	14		-		(29)
Provision for liabilities	16		(373)		(207)
<b>Net assets</b>			<u>11,723</u>		<u>11,558</u>
<b>Capital and reserves</b>					
Called up share capital	17		7,000		7,000
Profit and loss account	18		4,723		4,558
<b>Shareholders' funds</b>			<u>11,723</u>		<u>11,558</u>

The financial statements were approved by the Board of Directors and authorised for issue on 6 June 2018



**P W Evans**  
Director

The notes on pages 11 to 23 form part of these financial statements.

# Cookson Precious Metals Limited

## Statement of Changes in Equity For the year ended 31 December 2017

	Share capital £'000	Retained earnings £'000	Total equity £'000
<b>At 1 January 2017</b>	7,000	4,558	11,558
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,165	2,165
<b>Total comprehensive income for the year</b>	-	2,165	2,165
Dividends paid (note 8)	-	(2,000)	(2,000)
<b>Total transactions with owners</b>	-	(2,000)	(2,000)
<b>At 31 December 2017</b>	7,000	4,723	11,723

## Statement of Changes in Equity For the year ended 31 December 2016

	Share capital £'000	Retained earnings £'000	Total equity £'000
<b>At 1 January 2016</b>	7,000	3,307	10,307
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,751	2,751
<b>Total comprehensive income for the year</b>	-	2,751	2,751
Dividends paid (note 8)	-	(1,500)	(1,500)
<b>Total transactions with owners</b>	-	(1,500)	(1,500)
<b>At 31 December 2016</b>	7,000	4,558	11,588

The notes on pages 11 to 23 form part of these financial statements.

# Cookson Precious Metals Limited

## Notes forming part of the financial statements For the year ended 31 December 2017

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### 1 Accounting policies

#### 1.1 Company information

Cookson Precious Metals Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page. The principal activity of the company is the manufacture and supply of fabricated precious metal products to the jewellery industry in the UK and Continental Europe.

#### 1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The accounts have been prepared using the reduced disclosure exemptions permitted by FRS 102. The accounts therefore do not include:

- The requirements of Section 4; Statement of Financial Position paragraph 4.12 (a) (iv);
- The requirements of Section 7; Statement of Cash Flows;
- The requirements of Section 3; Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 11; Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.4B(a)(iii), 11.4B(a)(iv), 11.4B(b) and 11.48(c);
- The requirements of Section 33; Related Party Disclosures paragraph 33.7.

The preparation of financial statements for the year ended 31 December 2017 in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the Company's accounting policies (see note 2).

The accounts have been prepared in the company's functional currency, pounds sterling; all figures have been rounded to the nearest thousand.

The following principal accounting policies have been applied consistently:

#### 1.3 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.

#### 1.4 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.

Revenue is recognised when the principal risks and rewards of ownership transfers to the customer which is normally at the point of despatch.

# Cookson Precious Metals Limited

## Notes forming part of the financial statements For the year ended 31 December 2017 (*continued*)

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### 1 Accounting policies (*continued*)

#### 1.5 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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their useful economic lives, using the straight line method.

The estimated useful lives range as follows:

Freehold property	- 2% - 4% per annum
Plant and machinery	- 7%-33% per annum

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 within 'administrative expenses' in the statement of comprehensive income.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

#### 1.6 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

#### 1.7 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. Net realisable value is based on estimated selling prices less any further costs expected to be incurred to completion and disposal.

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 on the metal markets is valued at a price at which it is contractually committed. Other precious metal inventories owned by the company which are uncommitted are valued at the lower of cost and net realisable value using the prevailing precious metal fix prices at the Statement of Financial Position date.

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.

# Cookson Precious Metals Limited

## Notes forming part of the financial statements For the year ended 31 December 2017 (*continued*)

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### 1 Accounting policies (*continued*)

#### 1.8 Financial instruments

##### *Financial assets*

Financial assets comprise cash at bank and in hand, trade and other debtors and amounts owed by group undertakings; these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method. The company considers evidence of impairment for all individual trade and other debtors and amounts owed by group undertakings, and any subsequent impairment is recognised in the Statement of Comprehensive Income.

##### *Impairment of financial assets carried at amortised cost*

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment.

Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipts from that asset.

##### *Financial liabilities*

Financial liabilities comprise trade creditors, accruals and amounts due to group undertakings; these are initially recorded at cost on the date they originate, and are subsequently carried at amortised cost under the effective interest method.

#### 1.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

#### 1.10 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.

#### 1.11 Creditors

Short term creditors are measured at the transaction price.

#### 1.12 Foreign currency translation

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

At each period 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.

# Cookson Precious Metals Limited

## Notes forming part of the financial statements For the year ended 31 December 2017 *(continued)*

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### 1 Accounting policies *(continued)*

#### 1.13 Leased asset

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the Statement of Comprehensive Income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

#### 1.14 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 1.15 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 payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

#### 1.16 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change 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.

Deferred 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 is determined using tax rates and laws that have been enacted or substantively enacted at the Statement of Financial Position date.



# Cookson Precious Metals Limited

## Notes forming part of the financial statements For the year ended 31 December 2017 (*continued*)

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### **2 Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

#### *Bad debt provisions*

The company has recognised provisions for bad debts. This is based on an assessment of ageing and due date of receivables and other risk indicators. The judgement of management is then applied to provide for debts which are no longer considered recoverable.

#### *Credit note provisions*

The company has recognised a provision in respect of credit notes to be issued to trade debtors. This provision is based on the knowledge of the directors around historical credit notes issued and potential credit notes to be issued in the future in relation to customer invoices raised during the year.

#### *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

#### *Stock provisions*

The company has recognised provisions for the impairment of stock. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors. In the case of the provision for the impairment of stock, this covers obsolescence through technological or customer specific reasons. This provision is based on the assessment of stock value and ageing, quantities on hand and usage.

# Cookson Precious Metals Limited

**Notes forming part of the financial statements**  
**For the year ended 31 December 2017 (continued)**

## 3 Turnover

Analysis of turnover by country of destination:

	2017 £'000	2016 £'000
United Kingdom	270,212	378,742
Rest of Europe	5,152	3,918
Rest of the world	2,098	2,098
	<u>277,452</u>	<u>384,758</u>

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

## 4 Operating profit

	2017 £'000	2016 £'000
This has been arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	440	430
Exchange differences	(158)	(110)
Fees payable to the company's auditor for the audit of the company's annual financial statements	32	32
Fees payable to the company's auditor for taxation compliance services	4	6
Fees payable to the company's auditor for other non-audit services	6	-
Defined contribution pension scheme (note 5)	594	588
Operating lease cost	206	236
	<u></u>	<u></u>

## 5 Employees

	2017 £'000	2016 £'000 Restated
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	6,339	6,245
Social security costs	524	530
Costs of defined contribution pension scheme	594	588
	<u>7,457</u>	<u>7,363</u>

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

	2017 Number	2016 Number
Production	50	50
Administration and selling	159	152
	<u>209</u>	<u>202</u>

The prior year wages and salaries costs have been restated to exclude temporary staff and other costs of £109k that were classified as employee costs in the prior year.

# Cookson Precious Metals Limited

## Notes forming part of the financial statements For the year ended 31 December 2017 (*continued*)

### 6 Directors' remuneration

	2017 £'000	2016 £'000
Directors' emoluments	419	416
Company contributions to defined contribution pension schemes	34	33
	<u>453</u>	<u>449</u>

During the year retirement benefits were accruing to 2 directors (2016 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £193,000 (2016 - £166,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2016 - £11,400).

Key management personnel include all the directors of the company. The directors do not consider any other personnel to be classified as key management. The directors have the authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £479,000 (2016 - £500,000).

### 7 Interest payable and similar charges

	2017 £'000	2016 £'000
Precious metal consignment interest	<u>822</u>	<u>713</u>

### 8 Dividends

	2017 £'000	2016 £'000
Dividends paid on equity capital:		
Interim dividends paid of 28.57p (2016 – 21.43p) per share	<u>2,000</u>	<u>1,500</u>

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2017 (*continued*)

## 9 Taxation on profit from ordinary activities

	2017 £'000	2016 £'000 Restated
<i>UK corporation tax</i>		
Current tax on profits of the period	338	(18)
<i>Deferred tax</i>		
Origination and reversal of timing differences	188	280
Change in tax rate	(22)	(73)
Total deferred tax	166	207
Taxation on profit on ordinary activities	504	189

### Factors affecting tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19.25% (2016 – 20%). The differences are explained below:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	2,669	2,940
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	514	588
Effects of:		
Expenses not deductible for tax purposes	12	18
Losses brought forward utilised	-	(326)
Change in tax rate	(22)	(73)
Tax credits on R&D expenditure	-	(18)
Total tax charge for the year	504	189

### Factors that may affect future tax charges

The main rate of UK corporation tax for the year commencing 1 April 2016 was 20%, this reduced to 19% for the year commencing 1 April 2017. The finance Act 2016, enacted on 15 September 2016, reduced the main rate of Corporation tax to 17% for the year commencing 1 April 2020. These changes have been reflected in the calculation of the carrying value of the deferred tax liabilities at the Statement of Financial Position date.

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2017 (*continued*)

## 10 Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
<i>Cost</i>			
At 1 January 2017	2,903	4,669	7,572
Additions	-	523	523
Disposals	-	(101)	(101)
	<hr/>	<hr/>	<hr/>
At 31 December 2017	<b>2,903</b>	<b>5,091</b>	<b>7,994</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2017	1,442	2,182	3,624
Charge for the year	64	376	440
Disposals	-	(101)	(101)
	<hr/>	<hr/>	<hr/>
At 31 December 2017	<b>1,506</b>	<b>2,457</b>	<b>3,963</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2017	<b>1,397</b>	<b>2,634</b>	<b>4,031</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2016	<b>1,461</b>	<b>2,487</b>	<b>3,948</b>
	<hr/>	<hr/>	<hr/>

The net book value of land included in Freehold land and buildings is £116,000 (2016 - £116,000).

# Cookson Precious Metals Limited

## Notes forming part of the financial statements For the year ended 31 December 2017 (continued)

### 11 Stocks

	2017 £'000	2016 £'000
Raw materials and consumables	12	279
Work in progress	325	196
Finished goods and goods for resale	2,899	2,374
	<hr/>	<hr/>
	3,236	2,849
	<hr/>	<hr/>

#### Consignment stock

In addition to the stocks recorded in the Statement of Financial Position, the company held precious metals on consignment terms with a total value at 31 December 2017 of £63.0m (2016 - £69.6m), 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 2017 was £2,691,000 (2016 - £23,000).

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 Statement of Financial Position. 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.

The cost of inventories expensed in the period and included within cost of sales was £9,652,000 (2016 - £9,848,000). Impairment provision at the year-end relating to damaged or obsolete inventories amounted to £273,000 (2016 - £250,000).

### 12 Debtors

	2017 £'000	2016 £'000
Trade debtors	3,586	3,567
Amounts owed by group undertakings	248	291
Prepayments and accrued income	443	243
	<hr/>	<hr/>
	4,277	4,101
	<hr/>	<hr/>

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

The impairment gain recognised in the Statement of Comprehensive Income for the period in respect of bad and doubtful trade debtors was £12,000 (2016 – impairment loss of £111,000).

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2017 (*continued*)

## 13 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	1,804	2,246
Amounts owed to group undertakings	418	800
Other taxation and social security	1,075	1,018
Corporation tax	338	-
Obligations under finance lease and hire purchase contracts	28	29
Accruals and deferred income	1,494	1,561
	<u>5,157</u>	<u>5,654</u>

## 14 Creditors: amounts falling after more than one year

	2017 £'000	2016 £'000
Obligations under finance lease and hire purchase contracts	-	29
	<u>-</u>	<u>29</u>

## 15 Financial instruments

The company's financial instruments may be analysed as follows:

	2017 £	2016 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<u>9,611</u>	<u>10,408</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>3,716</u>	<u>4,607</u>

Financial assets measured at amortised cost comprise cash, trade debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and accruals.

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2017 (*continued*)

## 16 Provisions for liabilities

	2017 £'000	2016 £'000
At 1 January	207	-
Charged to profit and loss	166	207
	<hr/>	<hr/>
At 31 December	373	207
	<hr/>	<hr/>

The deferred taxation balance is made up as follows:

	2017 £'000	2016 £'000
Fixed asset timing differences	373	378
Losses and other deductions	-	(171)
	<hr/>	<hr/>
At 31 December	373	207
	<hr/>	<hr/>

### Deferred tax

All deferred tax liabilities were recognised as at the year ended 31 December 2017.

## 17 Share capital

	2017 £'000	2016 £'000
<i>Allotted, called up and fully paid</i>		
7,000,000 ordinary shares of £1 each	7,000	7,000
	<hr/>	<hr/>

The profits of the company are available for distribution in respect of each accounting period. In the event of winding-up the company, surplus assets and retained profits of the company after payments of its liabilities are available for distribution amongst members.

## 18 Reserves

Share capital

This reserve relates to the share capital issued to shareholders at nominal value.

Profit and loss account

This reserve relates to the cumulative net gains and losses recognised in the Statement of Comprehensive Income, net of dividends paid.



# Cookson Precious Metals Limited

## Notes forming part of the financial statements For the year ended 31 December 2017 (*continued*)

### 19 Pension commitments

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 cost charge represents contributions payable by the company to the fund and amounted to £594,000 (2016 - £588,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

### 20 Commitments under operating leases

As at 31 December 2017, the company had future minimum lease payments under non-cancellable operating leases as set out below:

	2017 £'000	2016 £'000
Not later than 1 year	185	208
Later than 1 year and not later than 5 years	531	574
Later than 5 years	529	650
	<hr/>	<hr/>
	1,245	1,432
	<hr/>	<hr/>

### 21 Controlling party

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 considered 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 Lubeck, Germany.