

Registered No. 1510877

## **Metalor Technologies (UK) Limited**

Annual Report and Financial Statements

For the year ended 31 December 2021

TUESDAY



\*ABDFM900\*

A03

27/09/2022

#243

COMPANIES HOUSE

**Company Information**

**Directors**

M D Parkhurst  
A de Montmollin  
J Michel

**Secretary**

M D Parkhurst

**Auditors**

Mazars LLP  
First Floor  
Two Chamberlain Square  
Birmingham B3 3AX

**Registered Office**

74 Warstone Lane  
Hockley  
Birmingham B18 6NG

## Strategic Report

The directors present their strategic report for the year ended 31 December 2021.

### Principal activities and review of the business

The company is a wholly owned subsidiary of Metalor Technologies International SA, (MTSA) and acts as principal in the purchasing and selling of precious metal products which are sourced both externally and from within the Metalor Technologies Group.

Metalor Technologies (UK) Ltd ("MUK") enjoyed further success in 2021 with strong sales in all segments. Market conditions remained favourable to support further growth within our Investment and Refining markets whilst Electronic and General Industry sales rebounded well after the Covid lockdown periods. Strong sales and ongoing efforts to streamline costs helped maintain a healthy operating profit.

The early restrictions from the COVID-19 pandemic had little impact on the business operationally, although its worldwide impact continued to affect the increase in precious metal prices in the year.

The company's key financial indicators are detailed below:

	2021 £000	2020 £000	Change %
Turnover	206,905	184,315	12.26%
Foreign Exchange Gain	(300)	219	(236.99%)
Operating profit	939	1,443	(34.93%)
Profit before taxation	934	1,437	35.00%
Shareholders' funds	6,685	5,970	11.98%

Non-financial indicators are detailed as follows:

The company places strong emphasis on its quality standards, with continued accreditations in the following:

ISO9001 Quality Management Systems

ISO14001 Environmental Management Systems

ISO45001 Occupational Health and Safety

Responsible Jewellery Council accreditation for the Group was renewed in 2022 following a full audit of HR and Integrated Management Systems.

## Strategic Report (continued)

### Principal risks and uncertainties

The company has identified the principal risks that it faces, along with its policies to mitigate these risks as:

#### Foreign currency risk

The company buys and sells goods and services denominated in currencies other than Sterling. As a result, the value of the business non-Sterling denominated revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates. The principal exchange risk is managed at Group level. All precious metal supplies are priced in the currency of the customer, and the majority of intercompany charges are in Sterling. Despite the principal exchange risk being managed at Group level, the company is left with the residual risk relating to foreign currency debtors and creditors. This is the difference between the rate prevailing at the date of invoice posting and the actual rate at the date of payment.

#### Credit risk

In the normal course of business, the company sells items on deferred terms to other parties. Any risk associated with these third parties failing to honour their obligations arising from these transactions is minimised through rigorous credit control procedures with deferred terms only being granted to customers who demonstrate an appropriate payment history and satisfy other financial requirements. Individual exposures are continuously monitored on a customer-by-customer basis to ensure that exposure to bad debts is minimised. As a result of this, goods may sometimes only be supplied on a cash with order basis or supply may be declined entirely.

#### Metal price risk

In the normal course of business, the company and its customers and suppliers would be exposed to fluctuations in metal prices. The company mitigates this risk by operating on a consignment/leasing basis in respect of the fine metal content of inventories held in the UK and by the use of metal hedging to eliminate metal price fluctuations from overall transactions recorded by the company.

The company maintains metal accounts with its suppliers and qualifying customers on a consignment basis so that the risk of metal price movements does not lie with the company. These metal accounts are held off balance sheet as the principal risks relating to these financial statements are not borne by the company. The company is exposed to default risk on customer metal accounts in the event that metal owed to the company cannot be recovered. Where necessary, provision is held to cover this risk.

#### Funding and liquidity

The company has entered into cash pooling arrangements with its parent company, whereby certain bank balances are automatically transferred to or from the company on a daily basis. The parent company continually monitors the financial position of the entity, its cash flows, liquidity position and borrowing facilities. Consequently, the directors believe that the company and the parent company are well placed to manage business risks successfully despite the current uncertain economic outlook. As described in the Going Concern section of the Directors' Report, the company continues to rely on the financial support of its parent undertaking.

## Strategic Report (continued)

### Principal risks and uncertainties (continued)

#### Impact of Brexit

The United Kingdom withdrew from the European Union on 31 January 2020 and entered into an implementation period which ended on 31 December 2020. Following the actual withdrawal in January 2021, the only operational impacts were felt in Q1 as new procedures were adopted to cope with the changes made within the Import / Export administration. Steps had already been taken to cover some of the potential risks for the Group but overall, sales remained strong for MUK with little adverse effects being felt through this challenging period.

Signed on behalf of the Directors



Mark Parkhurst  
Director

Date: 20/9/22

## Directors' Report

The Directors present their Directors' Report, together with the audited financial statements for the year ended 31 December 2021.

### Results and dividends

The profit for the year after taxation amounted to £715,000 (2020: Profit £1,158,000). The directors do not recommend a final dividend (2020: £nil).

### Future developments

Another record year for Investment product sales in 2021 continued into 2022. Our reliability and strong brand have formed long term loyalties particularly from those customers who were heavily supported during the Pandemic. The emergence from Covid restrictions has generated more confidence and new projects are starting to materialise in most sectors. It remains a robust industry with strong sales of gold, silver and PGM products across a variety of markets.

The Electronics, Connector and General segments are performing well as the Automotive Industry continues its recovery. The Aerospace market is back to pre-Covid levels whilst demand within the Medical sectors has remained on a high level and stable. Decorative markets are very active with the Platinum Jubilee celebrations and associated projects. New solar based developments with Silver powders will generate unbudgeted sales through Q2 into Q4 and demand remains high in consumer electronics markets. Consolidated results at the end of Q1 are still at record highs and it is expected that Q2 will close 40% above expectation YTD. The outlook for Q3 and Q4 remains positive as we have a new opportunity to market Chain of Custody products (CoC) directly from MUK following recent accreditation from the RJC.

### Going Concern

The company has undertaken a comprehensive financial forecast to December 2022. This has shown there is a strong financial base for the future. There are opportunities in both the UK and overseas markets for the sale of current and newly developed products, in which, within the group and the market, the company is recognised as having particular specialist expertise. Despite these indigenous business strengths and due to the nature of the set-up of the company and its operations, the company still relies on the continued financial support from Metalor Technologies International SA, its parent undertaking, to enable it to continue operating and meet its liabilities as they fall due. Such financial support is confirmed by the parent undertaking and the directors therefore consider it appropriate to prepare these financial statements on a going concern basis. The company is historically profit-making and is expected to continue to be so in 2022 and beyond. A strong net current assets position is held and a cash holding allows the company to mitigate any unexpected shortfall in forecasts in the short term.

### Cash Pooling

The company meets its day to day working capital requirements through access to funds as part of the Metalor Group cash pooling arrangement that is administered through Metalor Technologies SA, a sister company registered in Switzerland, which acts as an internal bank with the Metalor subsidiaries. Under the cash pooling arrangements for GBP, EUR and USD, there is no cash held by the company – all balances are 'swept' at the end of each day. Transactions in DKK are not covered by the arrangement. The company has received confirmation that the group has no intention to withdraw this facility in the foreseeable future and any changes in the facility will provide the company with adequate time to meet its obligations.

## Directors' Report (continued)

### Impact of COVID-19

In 2021, the impact of COVID-19 on the company's operational and financial performance was inconsequential. Metalor were well placed to support existing and new customers generating sales at unprecedented levels. The sales order book remains strong, warehouse arrangements are unaffected, and employees continue to perform their roles unabated.

### Directors

The directors who served the company during the year and up to date of this report were as follows:

M D Parkhurst  
A de Montmollin  
J Michel

### Directors indemnity

The directors confirm that no qualifying third party indemnity provision in favour of any of the directors of the company, as defined by s234 of the Companies Act 2006, either by the company or by any other party, was in force at the time of signing this report.

### Disclosure of information to the auditors

As far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

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; and
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable United Kingdom Accounting Standards, including FRS 101, 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.

## Directors' Report (continued)

### Statement of Directors' Responsibilities (continued)

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.

### Re-appointment of auditors

As the company has adopted the model articles contained in the 2006 Companies Act there is no requirement for an AGM, nor for the auditors to be re-appointed annually.

Signed on behalf of the directors



Mark Parkhurst  
Director

Date: 20/9/22



## **Independent Auditors' Report to the members of Metalor Technologies (UK) Limited**

### **Opinion**

We have audited the financial statements of Metalor Technologies (UK) Limited (the 'company') for the year ended 31 December 2021 which comprise Profit and Loss Account, Statement of Total Comprehensive Income, Balance Sheet and 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 FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Independent Auditors' Report**

**to the members of Metalor Technologies (UK) Limited**

### **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 contained within the annual report. 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 course of 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In 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 or the Directors' 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.

## Independent Auditors' Report

to the members of Metalor Technologies (UK) Limited

### Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 6 and 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, employment regulation and health and safety regulation, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;

## Independent Auditors' Report

to the members of Metalor Technologies (UK) Limited

- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:


- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of the audit 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.



Louis Burns (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Two Chamberlain Square

Birmingham

B3 3AX

Date 20 September 2022

## Profit or Loss Account

for the year ended 31 December 2021

	Notes	2021 £000	2020 £000
<b>Turnover</b>	3	206,905	184,315
Change in stocks of finished goods and manufactured element of consigned goods		141	(330)
Raw materials and consumables		(3,917)	(3,587)
Precious metal costs		(197,844)	(175,263)
Other external charges		(2,939)	(2,306)
Staff costs	6	(1,326)	(1,318)
Depreciation	9	(81)	(68)
<b>Operating profit</b>	4	939	1,443
Interest payable and similar charges	7	(5)	(6)
<b>Profit</b>		934	1,437
Tax	8	(219)	(279)
<b>Profit for the financial year</b>		<u>715</u>	<u>1,158</u>

All amounts relate to continuing activities.

The notes on pages 15 to 27 form an integral part of these financial statements.

## Statement of total comprehensive income

for the year ended 31 December 2021

There are no items of other comprehensive income such that total comprehensive income equals the profit attributable to the shareholders of the company of £715,000 (2020: £1,158,000) in the year ended 31 December 2021.

**Balance sheet**

at 31 December 2021

	Notes	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	9	330	364
<b>Current assets</b>			
Stocks	10	523	383
Debtors: amounts falling due within one year	11	13,535	10,238
Cash at bank and in hand		1,773	1,120
		15,831	11,741
Creditors: amounts falling due within one year	12	(9,476)	(6,135)
<b>Net current assets</b>		6,355	5,606
<b>Total assets less current liabilities</b>		6,685	5,970
<b>Net assets</b>		6,685	5,970
<b>Equity</b>			
Ordinary shares	13	150	150
Retained earnings		6,535	5,820
<b>Total shareholders' funds</b>		6,685	5,970

The notes on pages 15 to 27 form an integral part of these financial statements.

These accounts were approved by the directors and authorised for issue on 20/9/22  
and are signed on their behalf by:



Mark Parkhurst  
Director