Registered No. 1510877

Metalor Technologies (UK) Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

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 2022.

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 and growth in 2022 with strong sales in all segments. Market conditions remained favourable to support strong developments within the Investment and Refining markets and despite some negative impact on the re-allocation of sales areas due to Brexit, the local Electronic and General Industry markets remained stable. Strong sales and ongoing efforts to streamline costs helped maintain a healthy operating profit.

The company's key financial indicators are detailed below:

	2022	*2021*	*Change*
	£000	*£000*	*%*
Turnover	246,166	206,905	18.98%
Foreign Exchange Gain	578	(300)	(292.67%)
Operating profit	2,418	939	157.51%
Profit before taxation	2,421	934	159.21%
Shareholders' funds	8,639	6,685	29.23%

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.

Signed on behalf of the Directors

Mark Parkhurst
Director

Date: 1/9/23

Directors' Report

The Directors present their Directors' Report, together with the audited financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year after taxation amounted to £1,954,000 (2021: Profit £715,000). The directors do not recommend a final dividend (2021: £nil).

Future developments

Another exceptional year in 2022. Investment Product and Refining Sales are well established following significant growth in 2021. Brand awareness and excellent customer service continue to play an essential role in the development of this segment. Organic growth will continue to be important but stability will be key as this market in particular is heavily dependent upon precious metal markets.

The Electronic, General and Connector segments continued well in Europe and despite some negative impacts following Brexit, UK markets remained robust. The momentum from 2022 has continued with a strong start for 2023. The Decorative and Jewellery Industry benefited from the Platinum Jubilee with some projects extended into Q4 and into this year.

Positive Powder and Flake developments in Consumer Electronics and Automotive markets continued in Europe despite downward trends experienced in Asia and US. This is forecast to continue into 2023.

Overall, 2023 will be a year of consolidation due to an uncertain economic situation. Focus will be on operational costs following increased prices of commodities and utilities from various providers. The geopolitical situation with the war in Ukraine seems set to continue but strong Corporate guidelines should mitigate any risk.

We expect to see more demand for Chain of Custody (CoC) eligible products which will bring more added value. It will also demonstrate our efforts to promote Responsible Refining and encourage an awareness of our Corporate standards for ethical and sustainable supply chains.

Going Concern

The company has undertaken a comprehensive financial forecast to December 2023. This has shown there is a strong financial base for the future. There remain several 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 2023 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.

Impact of COVID-19

As noted in 2021, the impact of COVID-19 in 2022 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.

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: 1/9/23

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 2022 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 General 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 2022, and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom General 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 5 and 6, 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: UK tax legislation, employment regulation and health and safety regulation, corruption and fraud, money laundering.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;

Independent Auditors' Report

to the members of Metalor Technologies (UK) Limited

- Communicating identified laws and regulations to the 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.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition, which we pinpointed to the cut-off assertion, and significant one-off or unusual transactions.

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. 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.

Independent Auditors' Report

to the members of Metalor Technologies (UK) Limited

Louis Burns

Louis Burns (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Two Chamberlain Square
Birmingham
B3 3AX

1/9/2023

Profit or Loss Account

for the year ended 31 December 2022

	Notes	2022 £000	2021 £000
Turnover	3	246,166	206,905
Change in stocks of finished goods and manufactured element of consigned goods		186	141
Raw materials and consumables		(4,513)	(3,917)
Precious metal costs		(235,158)	(197,844)
Other external charges		(2,647)	(2,939)
Staff costs	6	(1,532)	(1,326)
Depreciation	9	(84)	(81)
Operating profit	4	2,418	939
Interest payable and similar charges	7	-	(5)
Interest receivable	8	3	-
Profit		2,421	934
Tax	9	(467)	(219)
Profit for the financial year		1,954	715

All amounts relate to continuing activities.

The notes on pages 15 to 28 form an integral part of these financial statements.

Statement of total comprehensive income

for the year ended 31 December 2022

There are no items of other comprehensive income such that total comprehensive income equals the profit attributable to the shareholders of the company of £1,954,000 (2021: £715,000) in the year ended 31 December 2022.

Balance sheet

at 31 December 2022

	Notes	2022 £000	2021 £000
Fixed assets			
Tangible assets	10	280	330
Current assets			
Stocks	11	709	523
Debtors: amounts falling due within one year	12	18,069	13,535
Cash at bank and in hand		1,555	1,773
		20,333	15,831
Creditors: amounts falling due within one year	13	(11,932)	(9,435)
Creditors: amounts falling due after one year	14	(42)	(41)
Net current assets		8,359	6,355
Total assets less current liabilities		8,639	6,685
Net assets		8,639	6,685
Equity			
Ordinary shares	15	150	150
Retained earnings		8,489	6,535
Total shareholders' funds		8,639	6,685

The notes on pages 15 to 28 form an integral part of these financial statements.

These accounts were approved by the directors and authorised for issue on 1/9/23
and are signed on their behalf by:

Mark Parkhurst 1/9/23
Director

Statement of changes in equity

at 31 December 2021

	Share capital £000	*Retained earnings £000*	*Total equity £000*
At 1 January 2021	**150**	**5,820**	**5970**
Profit for the year		715	715
At 1 January 2022	**150**	**6,535**	**6,685**
Profit for the year		1,954	1,954
At 31 December 2022	**150**	**8,489**	**8,639**

The notes on pages 15 to 28 form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1. General Information

Metalor Technologies UK Limited (the 'company') is a private limited company incorporated in England and Wales. The address of the registered office is 74 Warstone Lane, Hockley, Birmingham B18 6NG. 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.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand Pound Sterling (£000) except when otherwise indicated.

Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 101 'The Financial Reporting Standard applicable in the UK and Republic of Ireland.' The company meets the definition of a qualifying entity under Financial Reporting Standard 100 issued by the Financial Reporting Council. The accounting policies which follow are those policies which apply in preparing the financial statements for the year ended 31 December 2022.

Financial Reporting Standard 101 – Reduced Disclosure Exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101 paragraph 8:

I. the requirements of IAS 7 "Financial Instruments: Disclosures" relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
II. The requirement of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as available for sale investments and derivative financial instruments;
III. The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;
IV. The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79(a) (iv)), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73(e)) and the reconciliation of the carrying amount of intangible assets (IAS 18(118) (e)).
V. The requirements of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
VI. The requirements of IAS 7 ' Statements of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;

Notes to the financial statements

for the year ended 31 December 2022

2. Accounting policies (Continued)

VII. The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and

VIII. The requirements of IAS 24 'Related Party Disclosures' paragraph 17 relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the company and other wholly-owned subsidiaries of the group.

IX. The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

For the disclosure exemptions listed in points (i) to (iii), the equivalent disclosures are included in the consolidated financial statements of the Group, Metalor Technologies International SA which the company is consolidated into.

Going Concern

The financial statements have been prepared on a going concern basis.

The current economic conditions present some risk for all businesses especially with the ongoing issues in Ukraine. In response to such conditions, the directors have carefully considered these risks, including an assessment of uncertainty on future trading projections for a period of at least twelve months from the date of signing the financial statements and the extent to which they might affect the preparation of the financial statements on a going concern basis.

In 2023 the company continues to maintain a strong net current assets position. The order book continues to be robust, supplying long-established customers and pursuing several enquiries for new products and new customers.

The company is considered to be sufficiently agile to be prepared to respond to any adverse effects to minimise the impact on the financial performance of the group.

Therefore, the financial statements of the company have been prepared on a going concern basis.

Notes to the financial statements

for the year ended 31 December 2022

2. Accounting policies (Continued)

Standards, amendments and interpretations adopted in the current financial year ended 31 December 2022

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the company's financial statements.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life. Current rates of depreciation are as follows:

Freehold buildings	–	40 years
Plant and machinery	–	10-15 years
Fixtures and fittings	–	5-20 years

Right of Use Assets are amortised over the period of the lease as follows:

Leased Buildings	–	10 years
Leased Vehicles	–	3-4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied and services rendered, stated net of discounts, returns and value added taxes. In line with the Metalor Group, the UK entity recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the company's activities, as described below.

Sales can be divided into the sale of goods and the sale of services.

Sales of goods

Sales of goods are recognised at a point of time when the control transfers to the customer. Delivery does not occur until the products have been shipped to the specified location and either the customer has accepted the products in accordance with the sales contract, or the company has objective evidence that all criteria for acceptance have been satisfied. The sale of precious metal is recognised in revenue when the purchasing customer does not provide the precious metal

Notes to the financial statements

for the year ended 31 December 2022

to Metalor. Instead these customers purchase a one complete product from Metalor. Contrariwise, the precious metal sales and precious metal purchases are presented net under revenue when in substance the customer has provided its own precious metal and the Company manufactures its precious metal into an end product.

For some customers the Company facilitates the acquisition and sale of precious metal. The Company, via Group Treasury, serves as a broker between the customers and the market. These transactions are completed at the specific request of customers and are not speculative in nature. The Company earns a trading margin which is recognised at trade date.

The Company also enters into transactions of sale and purchase of precious metal (precious metal trading) as a principal. The revenue it earns on these transactions is a net trading margin, which is included within sale of goods and is recognized at trade date. These transactions are not speculative in nature.

Trades lead to a purchase and delivery or market sale of metal which are presented at fair value in the profit and loss account in the sales of goods and precious metal position, except for delivery costs that are recorded in costs of goods sold.

If there are any open positions at year-end, the corresponding derivative instruments are measured at fair value with impact in net sales and the expected costs to align the timing differences of the positions are accrued. Since these transactions may lead to physical deliveries, these revenues are presented under Sales of Goods.

Sales of services

The Company provides evaluation and refining services of precious metals to its customers. For rendering of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

The Company has carefully considered the satisfaction of the performance obligation and concludes that for sales for refining services, the revenue is recognised at a point of time when the refined precious metal is available for the customer.

Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

The principal benefits and the risks inherent in these benefits of holding the fine metal content of the consigned goods, are borne by the parent undertaking. Consequently, only the manufactured element of consigned goods is recognised as an asset in the balance sheet of the company.

A leasing charge on the fine metal content of such consignment stocks is paid to the parent undertaking and included within raw materials and consumables.

Work in progress

The manufactured element of consigned goods is valued on the basis of direct costs plus attributable overheads based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of the manufactured element of consigned goods.

Notes to the financial statements

for the year ended 31 December 2022

2. Accounting policies (Continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on a discounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to other comprehensive income if it relates to items that are credited or charged to other comprehensive income. Otherwise, income tax is recognised in the income statement.

IFRS 16 Leases are recognised by Metalor (as lessee) as assets and liabilities in the balance sheet at amounts equal at the inception of the lease to the present value of the minimum lease payments.

The following exceptions apply.

- o Short-term leases equal to or less than 12 months
- o Leases for which the underlying asset is of low value, equal to or less than 10,000 USD

In calculating the present value of the minimum lease payments, the discount factor is the implicit interest rate in the lease, if this is practicable to determine. If not, the lessee's incremental borrowing rate should be used.

Notes to the financial statements

for the year ended 31 December 2022

2. Accounting policies (Continued)

Operating leases

Rentals not recognised as finance leases are payable under operating leases and are charged in the profit and loss account on a straight-line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Cash pooling

The company is part of the cash pooling arrangement with its parent company whereby certain cleared bank balances are automatically transferred to or from the company on a daily basis and are accounted for as intra-group debtors or creditors as appropriate. Interest is calculated daily and the annual net interest receivable or payable is accounted for as intra-group interest receivable or payable in the profit and loss account as appropriate.

Financial Instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired, at amortised cost.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods to customers (e.g., trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions is an estimate of the recoverable value of trade receivables and other receivables. When assessing impairment of trade and other receivables, management considers

factors including the ageing profile of receivables and historical experience. The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables.

Financial liabilities

The company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired.

Notes to the financial statements

for the year ended 31 December 2022

2. Accounting policies (Continued)

At amortised cost

Financial liabilities at amortised cost are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. They are subsequently measured at amortised cost.

Interest-bearing borrowings

All interest-bearing borrowings are initially recognised at net proceeds. After initial recognition, subsequent recognition is at amortised cost. Finance costs of debt are allocated over the term of the debt at the prevailing rate on the carrying amount. Interest on group short-term borrowing is recognised as the income or expense accrues using the effective interest method.

Metal accounts and metal hedging

To the extent that the company has entered into a fixed commitment with fellow group companies to buy/sell fine metal at specified rates to meet known customer demand, that firm commitment is recorded as an asset/liability at the fixed metal price within inventory with a corresponding entry recorded within intercompany trading balances.

As a consequence of these consignment arrangements and the metal accounts operated by the company with third parties and with the parent undertaking, consignment stocks and metal account balances are held off balance sheet, except to the extent of metal hedging arrangements. Where the company considers that there is a default risk in relation to a customer's metal account or consignment stocks, an appropriate provision is made and recorded within accruals and deferred income.

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. Turnover

All turnover originates in the United Kingdom. Geographical analysis of the turnover by destination shows the following distribution:

	2022	*2021*
	£000	*£000*
UK and Ireland	222,301	183,920
Europe	23,633	22,813
Rest of World	232	172
	246,166	206,905

Notes to the financial statements

for the year ended 31 December 2022

All turnover derives from the sale of precious metals in semi-manufactured form or the sale of refining services for precious metal scrap recovery.

4. Operating Profit

This is stated after charging/ (crediting):

		2022 £000	2021 £000
Auditors' remuneration	– audit services	36	29
	– taxation services	8	9
	– other services	-	-
Depreciation of owned fixed assets (note 9)		84	81
Leasing charges on consignment stock (group)		276	319
Operating lease rentals	– land and buildings	4	10
	– other	7	10
Foreign Exchange (Loss)/Profit		578	(300)

5. Directors' remuneration

	2022 £000	2021 £000
Remuneration to UK directors	114	102
Company contributions paid to defined contribution pension schemes	7	7

One director received emoluments from Metalor Technologies (UK) Limited. All other directors were remunerated by other companies with the Metalor Group for their services to the Metalor Group as a whole.

Remuneration to the company's non-UK directors is included within a management charge. The management charge in 2022 totalled £2,715,000 (2021: £2,125,000).

6. Staff costs

	2022 £000	2021 £000
Wages and salaries	1,291	1,114
Social security costs	129	110
Other pension costs (note 14)	112	102
	1,532	1,326

Notes to the financial statements

for the year ended 31 December 2022

The average monthly number of employees during the year was made up as follows:

	2022	*2021*
	No.	*No.*
Staff	26	26

7. Interest payable and similar charges

	2022	*2021*
Interest payable to other group companies	-	-
Interest payable to parties other than group companies	-	5
	-	5

8. Interest receivable

	2022	*2021*
Interest receivable from other group companies	-	-
Interest receivable from parties other than group companies	(3)	-
	(3)	-

9. Tax

(a) Tax on profits on ordinary activities

The tax charge is made up as follows:

	2022	*2021*
	£000	*£000*
Current tax:		
UK corporation tax on the profit for the year	462	182
Adjustment in respect of prior years	-	1
Adjustment in respect of Netherlands tax paid	3	27
Total current tax	465	210
Deferred tax:		
Origination and reversal of timing differences	2	9
Adjustment in respect of previous periods	-	-
Effect of changes in tax rates	-	-
Total deferred tax (note 8(d))	2	9
Tax per the income statement (note 8(c)	467	219

Notes to the financial statements

for the year ended 31 December 2022

(b) Factors affecting future tax charge

The Government has announced that it intends to increase the rate of corporation from 19% to 25% with effect from 1 April 2023. This change was considered substantively enacted on 24 May 2021 and as such any timing differences expected to reverse on or after 1 April 2023 have been measured by the Company at a rate of 25%.

As stated in the Directors' report, the company has undertaken a comprehensive financial forecast and is satisfied that there will be continuing profitability to enable tax losses to be eventually utilised.

(c) Reconciliation of the total tax income

The tax income in the income statement differs from the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are reconciled as follows:

	2022	*2021*
	£000	*£000*
Profit on ordinary activities before tax	2,421	933
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 –19%)	460	177
Effects of:		
Fixed Asset Difference	(2)	(1)
Disallowed expenses and non-taxable income	5	5
Adjustment in respect of previous periods	-	1
Adjustment in respect Netherlands tax payable	3	27
Tax rate changes	1	10
Total tax charged in the current year	467	219

(d) Deferred tax Liabilities

	2022	*2021*
	£000	*£000*
Deferred tax liabilities as at 1 January 2022	(41)	(32)
Deferred tax charged to the income statement	(1)	(9)
Deferred tax liabilities as at 31 December 2022	(42)	(41)

Notes to the financial statements

for the year ended 31 December 2022

Deferred tax liabilities included in the Balance Sheet is as follows:

	2022	2021
Deferred tax liability:	£000	£000
Capital allowances in advance of depreciation	(42)	(41)
At 31 December 2022	(42)	(41)

10. Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Right of Use Assets- Vehicles and Buildings £000	Total £000
Cost:	618	346	357	192	1,513
At 1 January 2022					
Additions	-	-	34	-	34
Disposals	-	-	(30)	-	(30)
At 31 December 2022	618	346	361	192	1,517
Depreciation:					
At 1 January 2022	479	267	347	90	1,183
Provided during the year	7	10	17	50	84
Disposals	-	-	(30)	-	(30)
At 31 December 2022	486	277	334	140	1,237
Net book value:					
At 31 December 2022	132	69	27	52	280
At 1 January 2022	139	79	10	102	330

Included within freehold land and buildings is land with a value of £30,000 (2021: £30,000) that is not depreciated.

11. Stocks

	2022 £000	2021 £000
Manufactured element of consigned goods	709	523

Notes to the financial statements

for the year ended 31 December 2022

The replacement cost of stocks approximates to the value at which they are stated in the financial statements. The company operates in the precious metals market whereby the fine metal content is dealt with on a consignment basis. As at 31 December, the consignment position based on year-end metal prices was as follows:

	2021	*2022*
	£000	*£000*
Stock from parent undertaking	27,583	22,187
Stock from third parties	19,199	14,075
	46,782	36,262

	2022	*2021*
	£000	*£000*
Stock held at Metalor	40,890	34,618
Stock held at third parties	5,892	1,644
	46,782	36,262

This consignment stock forms part of the off balance sheet metal balances which, on a metal consignment basis, represent either a net asset or net liability.

12. Debtors

Debtors: amounts falling due within one year	2022	2021
	£000	£000
Trade debtors	3,346	3,329
Amounts due from group undertakings	3,121	1,170
Intercompany Cash Pool	11,336	7,340
Corporation Tax	205	129
Other debtors	61	1,567
	18,069	13,535

Notes to the financial statements

for the year ended 31 December 2022

13. Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	189	2,034
Amounts owed to group undertakings	10,554	5,916
Other taxation and social security	218	1,077
Accruals and deferred income	971	408
	11,932	9,435

14. Creditors: amounts falling due after one year

	2022	2021
	£000	£000
Deferred Tax Liabilities	42	41
	42	41

Amounts owed to group undertakings relate only to intergroup purchases.

Credit lines are managed centrally and funds are allocated to Metalor entities according to their cash forecasts. Countries do not own bank relationships except at an operational level. Metalor subsidiaries must participate in a regional cash pooling structure where one exists. The cash pool arrangement is detailed in the Accounting Policies on page 20.

15. Issued share capital

		2022		*2021*
Authorised, Allotted, called up and fully paid	*No.*	*£000*	*No.*	*£000*
Ordinary shares of £1 each	150,000	150	150,000	150

16. 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. Total contributions for the year amounted to £112,000 (2021: £102,000).

17. Other financial commitments

At 31 December 2022 the company has total future contractual commitments under non-cancellable leases as set out below:

Notes to the financial statements

for the year ended 31 December 2022

		2022		2021
	Land and buildings	*Other*	*Land and buildings*	*Other*
Within one year	18	36	18	45
In two to five years	6	3	24	44
In over five years				
	24	39	42	89

18. Related party transactions

The company is a wholly owned subsidiary of Metalor Technologies International SA, the group financial statements of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 101 RDF from disclosing transactions with other wholly owned members or investees of the group.

19. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Metalor Technologies International SA, a company incorporated in Switzerland. The results of the company are consolidated in Metalor Technologies International SA. This is the only group into which the results of the company are consolidated. The group financial statements are available to the public and may be obtained from Route des Perveuils 8, 2074 Marin-Epagnier, Switzerland.

The company's ultimate parent company is Tanaka Holdings Co. Ltd. a company registered in Japan.

20. Post balance sheet events

There were no post balance sheet events.