Registered No. 1510877

Metalor Technologies (UK) Limited

Annual Report and Financial Statements

For the year ended 31 December 2020

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 2020.

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 continued success in 2020 taking advantage of favourable conditions within Investment markets and developments in Medical applications. Strong sales and ongoing efforts to streamline costs helped maintain a healthy operating profit.

The COVID-19 pandemic had little impact on the business operationally, although its worldwide impact probably contributed to the increase in precious metal prices in the year.

The company's key financial indicators are detailed below:

	2020	*2019*	*Change*
	£000	*£000*	*%*
Turnover	184,315	112,884	63.3%
Foreign Exchange Gain	219	(194)	(212.9%)
Operating profit	1,443	1,064	35.6%
Profit before taxation	1,437	1,052	36.6%
Shareholders' funds	5,970	4,812	24.1%

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

The Metalor Group retains Responsible Jewellery Council accreditation, following an audit of its HR systems in 2019.

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. The terms of the withdrawal have provided some challenges for the operation but it is not possible to evaluate the full potential implications. Steps have been taken to cover some of the potential risks and limit the adverse effects on the financial performance of the company.

Signed on behalf of the Directors

Mark Parkhurst
Director

Date: 6/9/21

Directors' Report

The Directors present their Directors' Report, together with the audited financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year after taxation amounted to £1,158,000 (2019: Profit £849,000). The directors do not recommend a final dividend. (2019: £nil).

Future developments

Record demand for Investment products in 2020 has continued into 2021. The lifting of Covid restrictions has re-energised the Jewellery markets following a very difficult year in 2020, but it remains a robust industry with strong sales of gold alloys and platinum.

The Electronics and Connector segments have rebounded well in 2021, and projects that were originally held have started to materialise. Decorative markets are now fully open and we are well positioned to support the recovery and development opportunities in all segments. Results at the end of Q2 show the variety of industries served are extremely resilient as YTD results will close 40% above expectation. With more Covid related restrictions due to be lifted, the outlook for Q3 and Q4 remains extremely positive as more markets become accessible. The diversity of our product range and respective markets provides a strong platform for future growth.

Going Concern

The company has undertaken a comprehensive financial forecast to December 2021. This has shown there is a strong financial base for the future. It is acknowledged that there is an uncertain economic climate. However, 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 2021 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

In 2020, the COVID-19 outbreak did disrupt supply chains and forced many customers to close businesses thus affecting production and sales across a range of industries. Metalor Technologies UK Ltd were fortunate in that we were able to remain operational serving investment and medical markets. The impact of COVID-19 on the company's operational and financial performance was limited as the uncertainty within the financial markets generated a

Directors' Report (continued)

large demand for Investment Gold and Silver. Metalor were well placed to support existing and new customers generating sales of 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: 6/9/21

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 2020 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 2020 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. 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

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

Chartered Accountants and Statutory Auditor

Two Chamberlain Square

Birmingham

B3 3AX

Date 6 September 2021

Statement of Profit or Loss

for the year ended 31 December 2020

	Notes	2020 £000	2019 £000
Turnover	3	184,315	112,884
Change in stocks of finished goods and manufactured element of consigned goods		(330)	(24)
Raw materials and consumables		(3,587)	(3,660)
Precious metal costs		(175,263)	(104,551)
Other external charges		(2,306)	(2,274)
Staff costs	6	(1,318)	(1,255)
Depreciation	9	(68)	(56)
Operating profit	4	1,443	1,064
Interest payable and similar charges	7	(6)	(12)
Profit		1,437	1,052
Tax	8	(279)	(203)
Profit for the financial year		1,158	849

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 2020

There are no items of other comprehensive income such that total comprehensive income equals the profit attributable to the shareholders of the company of £1,158,000 (2019: £849,000) in the year ended 31 December 2020.

Balance sheet

at 31 December 2020

	Notes	2020 £000	2019 £000
Fixed assets			
Tangible assets	9	364	309
Current assets			
Stocks	10	383	712
Debtors: amounts falling due within one year	11	10,238	7,702
Cash at bank and in hand		1,120	219
		11,741	8,633
Creditors: amounts falling due within one year	12	(6,135)	(4,130)
Net current assets		5,606	4,503
Total assets less current liabilities		5,970	4,812
Net assets		5,970	4,812
Equity			
Ordinary shares	13	150	150
Retained earnings		5,820	4,662
Total shareholders' funds		5,970	4,812

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 ....
and are signed on their behalf by:

Mark Parkhurst
Director
8/9/21

Statement of changes in equity

at 31 December 2020

	Share capital £000	*Retained earnings £000*	*Total equity £000*
At 1 January 2019	**150**	**3,813**	**3,963**
Profit for the year		849	849
At 1 January 2020	**150**	**4,662**	**4,812**
Profit for the year		1,158	1,158
At 31 December 2020	**150**	**5,820**	**5,970**

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

Notes to the financial statements

For the year ended 31 December 2020

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 2020.

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 2020

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 increased risks for all businesses. 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.

The COVID-19 outbreak in early 2020 may have had an impact on the company's operations and financial performance. At this point, the financial impact of the crisis cannot be reliably assessed by the company albeit to date there has been limited impact on sale. The sales order book remained strong throughout, warehouse arrangements were unaffected and employees continued to perform their roles unabated.

In 2021 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 2020

2. Accounting policies (Continued)

Standards, amendments and interpretations adopted in the current financial year ended 31 December 2020

There are no amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2020 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, excluding discounts and VAT. Where a contract for supply of goods on extended terms has been agreed, the revenue for these sales is recognised when the goods and services are delivered.

Where the customer uses metal accounts in a transaction, it is deemed that the company is an agent, resulting in the arrangement fee being recognised as revenue.

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.

Notes to the financial statements

for the year ended 31 December 2020

2. Accounting policies (Continued)

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.

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.

Notes to the financial statements

for the year ended 31 December 2020

2. Accounting policies (Continued)

The following exceptions apply.

- Short-term leases equal to or less than 12 months
- 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.

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.

Notes to the financial statements

for the year ended 31 December 2020

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.

Fair value through profit or loss

This category comprises only out-of-the-money derivatives. These are carried in the Statement of Financial Position at fair value with changes in fair value recognised in the Statement of Profit or Loss.

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.

The key judgements that have had the most significant effect on amounts recognised in the financial statements are in relation to the level of provision held against loss of third party metal

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for the year ended 31 December 2020

stocks and debtor. The provision for precious metal losses at 31 December 2020 was £nil (2019: £nil). The provision for doubtful debts at 31 December 2020 was £9,837 (2019: £1,554).

3. Turnover

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

	2020	*2019*
	£000	*£000*
UK and Ireland	156,419	93,604
Europe	27,637	18,972
Rest of World	259	308
	184,315	112,884

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):

		2020	*2019*
		£000	*£000*
Auditors' remuneration	– audit services	29	29
	– taxation services	8	9
	– other services	-	6
Depreciation of owned fixed assets (note 9)		68	56
Leasing charges on consignment stock (group)		301	228
Operating lease rentals	– land and buildings	9	12
	– other	38	62
Foreign Exchange (Loss)/Profit		219	(194)
Profit on disposal of fixed assets		-	1

5. Directors' remuneration

	2020	*2019*
	£000	*£000*
Remuneration to UK directors	97	97
Company contributions paid to defined contribution pension schemes	7	6

Notes to the financial statements

for the year ended 31 December 2020

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 2020 totalled £2,021,000 (2019: £1,509,000).

6. Staff costs

	2020	*2019*
	£000	*£000*
Wages and salaries	1,117	1,047
Social security costs	103	110
Other pension costs (note 14)	98	98
	1,318	1,255

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

	2020	*2019*
	No.	*No.*
Staff	25	26

7. Interest payable and similar charges

	2020	*2019*
Interest payable to other group companies	-	-
Interest payable to parties other than group companies	6	12
	6	12

8. Tax

(a) Tax on profits on ordinary activities

The tax charge is made up as follows:

	2020	*2019*
	£000	*£000*
Current tax:		
UK corporation tax on the profit for the year	272	200
Over provision in prior years	-	-
Total current tax	272	200
Deferred tax:		
Origination and reversal of timing differences	5	3
Adjustment in respect of previous periods	2	-
Effect of changes in tax rates	-	-
Total deferred tax (note 8(d))	7	3
Tax per the income statement (note 8(c)	279	203

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(b) Factors affecting future tax charge

Budget 2021 announced that the UK corporation tax rate was to increase from 19% to 25% with effect from 1 April 2023. A small profits rate of 19% applies for taxable profits of £50,000 or less and a tapered rate will apply to companies with taxable profits between £50,001 and £249,999. This provision was substantially enacted on 24 May 2021, after the end of the accounting period, and so deferred tax closing balances have been calculated at 19% (2019: 17%). Had the 25% rate been applied instead the closing deferred tax liability would have increased by £9,998 to a £41,659 liability.

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% (2019 – 19%). The differences are reconciled below:

	2020	*2019*
	£000	*£000*
Profit on ordinary activities before tax	1,436	1,051
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 –19%)	273	200
Effects of:		
Fixed Asset Difference	1	1
Disallowed expenses and non-taxable income	-	2
Adjustment in respect of previous periods – deferred tax	2	-
Tax rate changes	3	-
Total tax charged in the current year	279	203

(d) Deferred tax assets (Liabilities)

	2020	*2019*
	£000	*£000*
Deferred tax assets as at 1 January 2020	(24)	(25)
Deferred tax charged to the income statement	(7)	(2)
Deferred tax assets as at 31 December 2020	(31)	(27)

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

	2020	2019
Deferred tax asset (liability):	£000	£000
Capital allowances in advance of depreciation	(31)	(27)
Losses	-	-
At 31 December 2020	(31)	(27)

9. Tangible fixed assets

	Freehold land and buildings	Plant and machinery	Fixtures and fittings	Right of Use Assets- Vehicles and Buildings	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 January 2020	623	339	340	87	1389
Additions	2	22	21	79	124
Disposals	(7)	(27)	(4)	-	(38)
At 31 December 2020	618	334	357	166	1475
Depreciation:					
At 1 January 2020	466	285	312	17	1080
Provided during the year	13	8	24	23	68
Disposals	(7)	(26)	(4)	-	(37)
At 31 December 2020	472	267	332	40	1111
Net book value:					
At 31 December 2020	146	67	25	126	364
At 1 January 2020	157	54	28	70	309

Included within freehold land and buildings is land with a value of £30,000 (2019: £30,000) that is not depreciated.

10. Stocks

	2020	2019
	£000	£000
Manufactured element of consigned goods	383	712

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

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for the year ended 31 December 2020

is dealt with on a consignment basis. As at 31 December, the consignment position based on year-end metal prices was as follows:

	2020	*2019*
	£000	*£000*
Stock from parent undertaking	13,478	16,283
Stock from third parties	16,121	13,225
	29,599	29,508
Stock held at Metalor	27,449	28,564
Stock held at third parties	2,150	944
	29,599	29,508

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.

11. Debtors

Debtors: amounts falling due within one year	2020	2019
	£000	£000
Trade debtors	3,533	3,454
Amounts due from group undertakings	1,288	1,406
Intercompany Cash Pool	3,097	1,243
Other debtors	2,320	1,599
	10,238	7,702

Intercompany transactions for Precious Metal must be settled weekly and have to be paid on the Wednesday of the following week. These account for £1,249,000 of the balance shown above and were settled on 6th January 2021.

For standard Metalor intercompany invoices (not related to Precious Metal) payment terms are a minimum of 30 days with settlement due on the 15th of the month following the 30 day term. These account for the remaining £39,000 of the balance shown above.

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12. Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	421	145
Amounts owed to group undertakings	5,115	2,082
Corporation Tax	-	48
Other taxation and social security	33	34
Accruals and deferred income	566	1,821
	6,135	4,130

Group borrowings of £nil (2019: £nil) are repayable on demand and bear interest at LIBOR plus 1.5%

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 18.

13. Issued share capital

Authorised, Allotted, called up and fully paid	*No.*	*2020 £000*	*No.*	*2019 £000*
Ordinary shares of £1 each	150,000	150	150,000	150

14. Pensions

The company operates a defined contribution pension scheme, the assets of the scheme are held separately from those of the company in an independently administered fund. Total contributions for the year amounted to £98,000 (2019: £98,000).

15. Other financial commitments

At 31 December 2020 the company has total future contractual commitments under non-cancellable leases as set out below:

	2020 Land and buildings £000	*2020 Other £000*	*2019 Land and buildings £000*	*2019 Other £000*
Within one year	18	54	18	31
In two to five years	42	71	59	20
In over five years			-	-
	60	125	77	51

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16. 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.

17. 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.

18. Post balance sheet events

There were no post balance sheet events.