

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
COMPANY REGISTRATION NUMBER: 04943684**

FOR THE YEAR ENDED 31 OCTOBER 2019



Company Registration number: 04943684

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

CONTENTS

Company Information	1
Strategic Report	2 to 5
Directors' Report	6 to 11
Statement of Directors' Responsibilities	12
Independent Auditor's Report	13 to 15
Profit and Loss Account	16
Statement of Comprehensive Income	17
Balance Sheet	18
Statement of Changes in Equity	19 to 20
Statement of Cash Flows	21
Notes to the Financial Statements	22 to 38
The following pages do not form part of the statutory financial statements:	
Non-statutory pages	39 to 41

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

COMPANY INFORMATION

Directors P G Tustain
T Levene
G Lockwood
R P Glynne

Company secretary J Prytula

Registered office 7th Floor
3 Shortlands
London
W6 8DA

Auditors Albert Goodman LLP
Goodwood House
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PX

The directors present their strategic report for the year ended 31 October 2019.

Principal activity

The principal activity of the company continued to be that of enabling its customers to buy and sell high integrity physical gold, silver and platinum bullion, via the internet, and arranging the custody of the bullion in professional vaults in London, New York, Singapore, Toronto and Zurich. The company delivers its service through the BullionVault.com website.

Fair review of the business

2019 results

By the year end BullionVault had 76,720 users (2018: 72,141). In this, the fourteenth full year of trading bullion, sales amounted to £301m (2018: £176m). The increase is substantially due to an accounting technicality. Where we act as counterparty to a client's trade it increases our turnover by the full trade consideration. Where we act as introducer - putting buyer and seller in touch via the BullionVault order board - only our commission gets counted as turnover. Because of this even quite dramatic changes to reported sales may have little or no impact on profits.

Profits before tax rose to £5.1m (2018: £2.8m).

Custody and fees revenue recovered from the previous year, up 10.8% (2018 down 3%). Interest receipts were materially better (up 78.4%) owing to interest rates improving from near zero, although the improvement tailed off quickly as the US started cutting rates again in June.

Costs remain well controlled and the company's accounting policies remain cautious.

User comments about us on independent sites remain strongly positive, which is a credit particularly to the quality of our personal style of customer service as well as to the exceptionally low prices at which we offer bullion and storage. Our ranking on Trustpilot - the leader of the independent review sites - remains 'Excellent'.

Gold

The gold price improved significantly during the year, up from £30,940/kg to £37,600. Reflecting our modest (80 - 90kg) long term gold net inventory position this would have made a contribution to profits of approximately £600,000.

As at 31 Oct 2019 we were looking after 38.6 tonnes of gold for clients (2018: 39.1 tonnes). The 1.3% reduction in customer inventory reflects normal customer profit-taking during a year which saw a 22% rise in the gold price. The net increase in gold stored for customers in value terms was therefore 20%.

Silver

In Sterling terms Silver prices rose 22.8%, after falling 10.7% the previous year.

As at 31 Oct 2019 we were looking after 812.6 tonnes (2018: 745.4 tonnes). Our silver business continues to grow largely independent of what happens to the silver price. With both tonnage and value rising our net increase in silver stored, in value terms, was 28% during the year.

Platinum

Our platinum business continues to consolidate its progress. Having added it to the product set in March 2017 we have quickly become a significant player in the market.

Physical platinum does not attract the same volume of investor interest as either silver or gold, but according to Johnson Matthey our service's increase of approximately 300 kg accounted for 6.6% of net global investment demand during the year. Although this was a similar quantity to last year the 6.6% represents a reduction in apparent market share (2018: 11.9%). We might well have lost some market share, but a credible explanation is variability in the measured size of the market, which is difficult to assess with confidence.

We again extend our warm thanks to the World Platinum Investment Council, who have been very helpful in publicising the investment merits of platinum.

Headcount

During the year under review our staff headcount remained stable at 34.

Financial strength

The company again consolidated its finances with a small transfer to reserves, having distributed most of the previous year's profits to shareholders, in line with the prevailing dividend policy.

The dividend of £5.70 returned about £2m to our shareholders in January 2019.

At the year-end we retained net shareholders' funds of £35.2 million (2018: £33.2m) which sum is mostly held in immediately marketable bullion, or in cash held at call.

Since the balance sheet date shareholders' funds will have been depleted by the January 2020 dividend payment, of just over £3m.

Reflecting increased 2019 profits the dividend was substantially increased to £9.00. With our ongoing policy of distributing 75 to 80 per cent of profits to shareholders, coupled with results which are always likely to be affected by world economic circumstances, the reality is that at some point dividends should be expected to fall. Although the current year has started respectably well, it is likely that the dividend payment will be reduced in January 2021.

Current market position and trading

BullionVault is by a wide margin the leading supplier of main-market bullion to the UK retail customer and is a significant player on the world stage. Notwithstanding some inevitable volatility we continue to trade satisfactorily across all bullion products and all regions.

As we maintain our Balance sheet in Sterling we will ordinarily post higher profits when Sterling depreciates because this tends to cause bullion and foreign currency inventory balances to be revalued higher in Sterling terms. What was particularly pleasing about 2019 was that we posted materially higher profits in a year in which Sterling strengthened - albeit not by much, climbing from US\$ 1.279 to US\$1.294. This increase in profits reflects a good year both in terms of storage revenues and in terms of commissions generated from the BullionVault.com website.

We continue to regard the future with a high degree of confidence. Trading in the first 3 months of the current year is ahead of the same period in the year being reported, although it is somewhat behind the rate of profit generation in the second half of our last financial year - which was unusually good.

So far, our business has not been materially affected by Brexit, though we remain sensitive to ongoing developments.

The more significant backdrop is the ongoing low level of interest rates, which broadly helps us. A sustained rise in interest rates would probably depress bullion investment activity unless it were alongside an inflationary spike. As things stand, in our view, the likeliest scenario remains that we will see occasional attempts at firming rates being swiftly reversed in the face of the smallest economic headwind. To those who decide these things it seems that the world can run smoothly and painlessly with interest rates at zero, more or less indefinitely. We believe this is a mindset which will be beneficial to our customers and to our business in the long term.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

STRATEGIC REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

WhiskyInvestDirect

WhiskyInvestDirect, into which the company invested £2m in 2014, has experienced a mixed year.

While the underlying custody business at WID has remained sound and profitable, the rate of stock acquisition levelled off, and then started to drift downwards from Q2. WID was still growing, but at a decreasing rate.

This was disappointing and arose because whisky does not offer the almost limitless liquidity of gold. Increasing global consumption figures for Scotch have had the effect of taking wholesale supply of immature spirit off the market, which became a limiting factor on WID growth.

That said, it did of course mean prices were solid and our customers enjoyed good returns. Indeed, the performance, coupled with the limited supply of new stock, meant that we were able to sell all the stock we were able to acquire to existing, rather than new customers, which translated to a saving in marketing costs.

During the year WID's board (on which I sit), agreed, at my suggestion, that it was appropriate to change the accounting policy for recognition of income on the sale of whisky where WID owns the cask in which the whisky is stored. The change is to adopt a more cautious approach in these particular circumstances and profits have been restated on the new basis. This restatement has reduced group profits by £171k in this year. This change will defer a portion of the sales price of the whisky which will be released into turnover over the expected period that customers will have use of those casks to store that particular whisky. This better matches the value of the use of the cask by the customer for the period until return.

Unfortunately the James Eadie bottling and branding subsidiary continued to lose money, although it remained ahead of the sales targets in its business plan. However, the James Eadie business does not align well with WID's core competences and ambitions, and the decision was taken to sell the business to its founder, Rupert Patrick. The transaction is expected to complete in early March 2020.

This transaction has necessitated some re-organisation and recruitment. WID has continued to make a profit through all of this, but we must look upon 2019 as a year of relative stasis and re-organisation. Accordingly Galmarley continues to keep the investment in WID in our own books at its historic cost (of £2m). This approximates to the net value of tangible assets attributable to Galmarley shareholders and is - I believe - a sensible statement of its current worth.

Results and dividends

An interim dividend of £5.70 per £1 ordinary share was paid during the year.

The company paid a further dividend of £9.00 per £1 ordinary share to holders of shares as at 27 January 2020.

Approved by the Board on 17/3/20 and signed on its behalf by:



P G Tustain
Director

The directors present their report and the financial statements for the year ended 31 October 2019.

Directors of the company

The directors who held office during the year were as follows:

P G Tustain

T Levene

G Lockwood

R P Glynne

Financial risks

The company incurs certain risks in relation to financial transactions during the course of operating its business.

Financial risk management and objectives

The key objective in using financial transactions is the maintenance of a float of bullion and currency in order that the company's bullion trading computer programs have sufficient access to funds and bullion to be able to trade and settle trades on the BullionVault order board, where the rules require instantaneous settlement. This means any bullion sold on the order board by the company must already belong to the company, and be released into the vault before being sold, and any money used to bid for bullion must already be at the company's bank, and be capable of being immediately credited to the seller in cleared funds.

So, more specifically, the objectives of our financial transactions are:-

1. To ensure an immediately available inventory of US Dollars, Euros, Yen and Pounds Sterling, cleared in bank accounts, while not unduly exposing the company to currency risk.
2. To ensure an immediately available inventory of bullion vaulted in London, New York, Singapore, Toronto and Zurich, while not unduly exposing the company to risks of dramatic bullion price movements.

Policies

To meet these objectives the company engages in two main styles of financial transaction giving rise to material risk.

1. Gold, silver and platinum bullion trades. These are executed with reputable London bullion dealers. The company currently has accounts with one bullion dealing bank and two commodities trading houses. All are members of the London Bullion Market Association. The company buys bullion from them usually for settlement within 24 or 48 hours and is required to pay before receipt of bullion, on the day settlement is due. Making that payment prior to delivery exposes the company to a potential counterparty default, which, while it is the main financial risk of dealing with them, is considered well controlled and modest.

2. Trades giving rise to a long position in gold or a foreign currency. Given that the company has net shareholders' funds amounting to approximately £35m this has to be held somehow. Leaving it all in sterling (or hedging positions to create a uniquely sterling based risk profile) eliminates any risk of nominal sterling profits or losses arising from rises or falls in the prices of currency and bullion. However that policy would run the risk of a slide in sterling's value significantly impairing the company's ability to buy bullion and FX. In order to mitigate to some degree the risk of such a slide in sterling from impacting the business the company elects to maintain material positions in both bullion and foreign currency. Currently these do not exceed 50% of shareholders' funds. Holding assets which are not sterling gives rise to the possibility of both profits and losses, when, at the end of the year, the holding is presented at its then market value.

There is no material risk regarding the spot and forward currency transactions which the company also undertakes, as in these the amount owed (in one currency) is in value terms owing (in another currency), and both amounts are open with the same counterparty and/or settle at the same time.

The company is not at material risk from customer default because customers can only purchase bullion with cleared money already received by the company. Similarly customers can only sell bullion already in the custody of the company.

Exposure to particular risks

Bullion Supplier default

Before explaining the nature of the company's biggest risk it is important to point out that this risks only the company's money. Neither client money nor client bullion is exposed.

In our view the default of a market counterparty is the company's biggest direct financial risk. Although we always pay on the day settlement is due we could conceivably pay a counterparty in the morning for the afternoon delivery of bullion, which might not proceed if the counterparty were to fail after receiving our money, and before delivering us our bullion.

There is no 100% safe counterparty.

Our counterparties for bullion trades are all LBMA member firms. We have more than one supplier so that we can avoid an undue concentration of counterparty risk. As far as we can we arrange our purchases to prevent too much being settled on one day with one counterparty.

We try to keep settlements below £4m and we are successful in more than 95% of cases. This does not reduce the risk of a default by a major bullion bank, but does somewhat reduce its consequence.

We would favour suppliers who segregate money upon receipt, and hold it segregated until we receive delivery of our bullion. Although there is still the risk of operational abuse by a provider (i.e. failure to segregate correctly when under duress) we believe segregation probably offers us better protection than balance sheet size, because modern balance sheets in the banking sector are not generally both comprehensive and credible.

But our major suppliers do not segregate our money upon receipt, which means they do not have to finance our purchase for one or two hours with their own funds. This benefits them in lower costs, and benefits us in their more competitive pricing.

This raises a question of judgment which the board keeps under review. We must weigh the risk of default in that two hour period against the higher pricing which goes with a segregated service. By exercising good judgment we would switch from a competitive unsegregated service to a less competitive but segregated service at any time which suggested increased risks of default, and we have to bear in mind that it is exactly when the risk of defaults increases that we are likely to be at our busiest.

Reporting currency risk

In view of the amounts of liquidity injected into the financial system since 2009 we regard it as a diminishing risk that we will see dramatic financial failures. There is, nevertheless, a risk of currency failure. This is as serious for us and places us and all other businesses in a difficult dilemma.

Again I stress this is a risk for the shareholders' funds and not for clients.

We report in Sterling, and manage our gold and FX positions so as to leave them relatively small. But if we flatten our gold and foreign currency positions completely, then by definition our £35m of shareholders' funds are exposed to fluctuations in the purchasing power of Sterling.

A prolonged or dramatic fall in Sterling - which is still a material risk - would lose our shareholders a great deal of purchasing power, but not generate reportable or tax losses. It would limit our ability to buy gold and expand our business and it would reduce our balance sheet worth expressed - for example - in dollars.

Given the level of deficits and the general unreliability of Sterling as a store of value we must consider diversifying our shareholders' funds to other assets - whether that be currency, or gold, or something else again. The board must exercise a difficult judgment here. Howsoever we choose to distribute our shareholders funds across monetary assets we risk re-valuation losses. This risk is unavoidable unless we take the even bigger risk of putting all our eggs in the basket of Sterling.

Bank failure

Lloyds Bank continues to rebuild itself. But it remains the case that its default would be very serious for Galmarley. There would be long delays before the company could reclaim anything.

Regarding the hypothetical failure of Lloyds it is supposed to be the case that designated client accounts, such as those in which BullionVault users' money is kept, permit those clients to be individually protected by government backed deposit protection - up to the normal personal limits. Therefore BullionVault clients ought to remain protected to some extent in the event of a failure of Lloyds. Nevertheless with a failure of Lloyds it is unlikely that government protection applying on client funds would redeem client money either quickly, or completely, or with its original purchasing power. Additionally, the company's own funds would be materially above any deposit protection threshold.

We also have US dollars deposited at Wells Fargo. Whilst this appears to be one of the strongest banks in certainly the financially strongest country on Earth, for completeness we must reference that our business is exposed there too. This is automatic wherever a normal bank account is held.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

Market risk

The company is exposed to movements in the gold price. It maintains an unhedged net gold inventory of approximately 80kg which is allowed to float up and down by a maximum of about 14kg before being corrected by a market trade.

We also keep up to about 30% (£8m) of our shareholders funds in US\$, although this has recently been held at about \$2.5m.

We do not seek to hedge these balances entirely out of market risk. At current prices a long of 94kg undergoing a two percent price fall in gold - which would be a sharp one day move - costs the company about £65,000 in inventory losses, which is easily absorbed by our financial strength. If the \$ position currently maintained were to incur a 2% fall it would result, similarly, in a loss of about £40,000, again an inconsequentially small impact on P&L.

Neither the gold nor US\$ positions, nor the smaller € or silver positions are considered a material risk.

Liquidity risk

The company operates principally in bullion and currency markets both of which are among the deepest capital markets in the world. There is minimal risk of these markets becoming illiquid in normal circumstances. Gold has had by far the best long term record of deep and liquid markets of any financial asset in history.

All customers now have direct daily access to the London Bullion Market - the biggest bullion market in the world. In any marketplace nothing can guarantee a determined seller access to a willing buyer. However by providing direct dealing access to all our other customers and direct access to the London Bullion Market, the risk of a failure of liquidity is in our opinion as low as it can reasonably be.

Cash flow risk

The company has no current material risk in terms of cash flow. The company has sufficient liquid assets to meet all expenses at the current level for 5 years - even in the absence of any revenues.

The company's assets are almost entirely held in currency and bullion which are both highly liquid, so excepting supplier default there is no realistic danger of not being able to raise any cash required in the short and medium term.

Very few businesses could demonstrate this ability to pay all their running costs into the far future.

Other financial risks

The most material other financial risk to the business is customer fraud. In the course of normal business we pay large sums by bank wire to our customers' original funding bank account. We regard every substantial payment as having a potential for serious loss. Nevertheless we must pay our customers quickly and efficiently when they demand it. We maintain tight control of our procedures in this regard, and our record is good.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2019

Data breach risk

Data breach (hacking) is a material risk, in different ways to both customers and shareholders. Our measures against it are under regular review involving the chairman, the CEO and the CTO, who have regular meetings at which no issues except data security are discussed. These meetings are not casual procedure, as our board and our management team regard this particular risk as the single largest threat to the ongoing health of our company.

We are forced by law to hold information on our systems which is personal to customers (for example, details about their identity). Offering, as we do, an on-line service there is no practical alternative to holding this information in a modern digital information system which will be connected to the outside world, and which will have the general ability to be accessed, copied and transmitted at exceptional speed, were unauthorised access to be gained. This reality underlies the very real nature of the risk.

Unfortunately, even given our significant expertise in this area, we have to recognise that modern systems are so complicated, and the threats against them so sophisticated, that it is inevitable that there will be gaps in our collective knowledge about particular data breach threats.

Without disclosing (for obvious reasons) the nature of the extensive measures we take, we nevertheless assert that if a breach were to occur it will not be the result of board-level complacency.

Other risks

The Directors believe that there are - as in any business - unquantifiable risks relating to, for example, reputation and unpredictable force majeure events. These are a general feature of a modern business environment.

Future Developments

The future developments of the business are included within the strategic report.

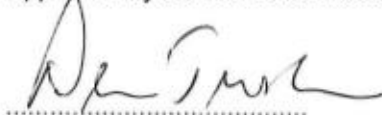
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

The auditors Albert Goodman LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 17/3/20 and signed on its behalf by:



.....
P G Tustain
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion

We have audited the financial statements of Galmarley Limited (the 'company') for the year ended 31 October 2019, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 October 2019 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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, 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.

GALMARLEY LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALMARLEY LIMITED

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Alison Kerr FCA (Senior Statutory Auditor)

For and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PX

Date: 23/3/2020

GALMARLEY LIMITED

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PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2019

	Note	2019 £ 000	2018 £ 000
Turnover	3	301,446	175,588
Cost of sales		<u>(292,888)</u>	<u>(169,695)</u>
Gross profit		8,558	5,893
Administrative expenses		(3,415)	(3,165)
Other operating income		<u>251</u>	<u>336</u>
Operating profit		5,394	3,063
Interest payable and similar charges	4	<u>(288)</u>	<u>(271)</u>
Profit before tax		5,106	2,792
Taxation	8	<u>(998)</u>	<u>(602)</u>
Profit for the financial year		<u>4,108</u>	<u>2,190</u>

The above results were derived from continuing operations.

GALMARLEY LIMITED

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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2019

	2019	2018
	£ 000	£ 000
Profit for the year	<u>4,108</u>	<u>2,190</u>
Total comprehensive income for the year	<u><u>4,108</u></u>	<u><u>2,190</u></u>

GALMARLEY LIMITED

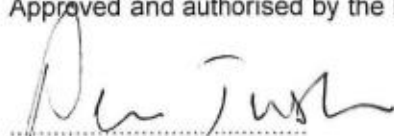
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(REGISTRATION NUMBER: 04943684)

BALANCE SHEET AS AT 31 OCTOBER 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Intangible assets	9	17	18
Tangible assets	10	66	24
Investments	11	2,000	2,000
		<u>2,083</u>	<u>2,042</u>
Current assets			
Stocks	12	22,635	19,098
Debtors	13	27,032	14,745
Cash at bank and in hand		20,359	20,138
		<u>70,026</u>	<u>53,982</u>
Creditors: Amounts falling due within one year	15	<u>(33,457)</u>	<u>(20,034)</u>
Net current assets		<u>36,569</u>	<u>33,948</u>
Total assets less current liabilities		38,652	35,990
Creditors: Amounts falling due after more than one year	15	<u>(3,376)</u>	<u>(2,776)</u>
Net assets		<u>35,276</u>	<u>33,214</u>
Capital and reserves			
Called up share capital	18	360	360
Share premium reserve		8,462	8,462
Capital redemption reserve		4	4
Profit and loss reserve		26,450	24,388
Total equity		<u>35,276</u>	<u>33,214</u>

Approved and authorised by the Board on 17/3/20 and signed on its behalf by:



P G Tustain
Director

GALMARLEY LIMITED

**TRADING AS BULLIONVAULT.COM
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Ordinary share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Profit and loss reserve £ 000	Total £ 000
At 1 November 2018	360	8,462	4	24,388	33,214
Movement in year:					
Profit for the year	-	-	-	4,108	4,108
Total comprehensive income	-	-	-	4,108	4,108
Dividends	-	-	-	(2,050)	(2,050)
Share based payment transactions	-	-	-	5	5
Total movement for the year	-	-	-	2,062	2,062
At 31 October 2019	360	8,462	4	26,450	35,276

GALMARLEY LIMITED

**TRADING AS BULLIONVAULT.COM
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2019**

	Ordinary share capital £ 000	Share premium £ 000	Capital redemption reserve £ 000	Profit and loss reserve £ 000	Total £ 000
At 1 November 2017	363	8,462	-	24,512	33,338
Movement in year:					
Profit for the year	-	-	-	2,190	2,190
Total comprehensive income	-	-	-	2,190	2,190
Dividends	-	-	-	(1,999)	(1,999)
Purchase of own share capital	(4)	-	4	(323)	(323)
Share based payment transactions	-	-	-	9	9
Total movement for the year	(4)	-	4	(124)	(124)
At 31 October 2018	360	8,462	4	24,388	33,214

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2019

	Note	2019 £ 000	2018 £ 000
Cash flows from operating activities			
Profit for the year		4,108	2,190
Adjustments to cash flows from non-cash items			
Depreciation and amortisation		26	22
Bullion loans revaluation - net (gains)/losses through profit and loss		1,546	(129)
Finance costs	4	288	271
Share based payment transactions		5	9
Income tax expense	8	998	602
		<u>6,971</u>	<u>2,965</u>
Working capital adjustments			
Increase in stocks	12	(3,537)	(613)
Increase in trade and other debtors	13	(12,287)	(5,173)
Increase in trade and other creditors	15	<u>12,468</u>	<u>5,615</u>
Cash generated from operations		3,615	2,794
Income taxes paid	8	<u>(704)</u>	<u>(551)</u>
Net cash flow from operating activities		<u>2,911</u>	<u>2,243</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(66)	(11)
Acquisition of intangible assets	9	<u>-</u>	<u>(1)</u>
Net cash flows from investing activities		<u>(66)</u>	<u>(11)</u>
Cash flows from financing activities			
Interest paid	4	(288)	(271)
Payments for purchase of own shares		-	(323)
Repayment of bullion loans		(286)	(1,943)
Dividends paid	21	<u>(2,050)</u>	<u>(1,999)</u>
Net cash flows from financing activities		<u>(2,624)</u>	<u>(4,536)</u>
Net increase/(decrease) in cash and cash equivalents		221	(2,304)
Cash and cash equivalents at 1 November 2018		<u>20,138</u>	<u>22,442</u>
Cash and cash equivalents at 31 October 2019	14	<u><u>20,359</u></u>	<u><u>20,138</u></u>

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

7th Floor
3 Shortlands
London
W6 8DA
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are presented in Sterling (£).

Departure from requirements of FRS 102

Stocks are valued at their net realisable value, which is a departure from the requirements of FRS 102. This departure is further explained within the stocks accounting policy.

Turnover recognition

Turnover represents amounts receivable for the sale of bullion and related services as part of a composite supply of services to customers and includes interest earned on client accounts.

Turnover for the sale of bullion is recognised at the point of settlement and ancillary services when provided. Interest is recognised on an accruals basis.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Exchange differences are recognised in the profit and loss in the period in which they arise.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

Tax

The tax expense for the period comprises current tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Tangible assets

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

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Short leasehold improvements

Fixtures & fittings

Depreciation method and rate

Straight line over the life of the lease

Straight line over 2-5 years

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class

Other intangible assets

Amortisation method and rate

Straight line over 20 years

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment, which has been assessed as zero.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value and specifically does not include bullion.

Debtors

Other debtors largely consist of unsettled client fees and client trades not yet due for settlement (maximum two days).

Main market bullion settlements and foreign exchange trades are expected to settle within the normal market cycle of two days.

Main market bullion settlements can be either normal market transactions due for settlement within 48 hours or forward trades acting to hedge the inventory which by their nature are outstanding for longer periods. All main market bullion settlements are valued at the LBMA daily price.

Stocks

Stocks consist of gold, silver and platinum bullion held by the company, and are valued at the LBMA daily price as determined by the London Bullion Market Association at the balance sheet date. Changes in the valuation of stocks are recorded in the profit and loss account.

Whilst this policy is consistent with that adopted by similar businesses it is not in accordance with the requirements of FRS102, which requires stocks to be valued at the lower of cost and net realisable value. The directors consider the policy of valuing stocks at net realisable market value to be necessary to show a true and fair view, wholly consistent with the operation of the company's business. It is not possible to quantify the impact of departing from FRS102 as historic information regarding original cost has no application to the business and is therefore not available.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. No trade creditors are for a period long enough to consider amortisation.

Main market bullion settlements and foreign exchange trades are expected to settle within the normal market cycle of two days.

Main market bullion settlements can be either normal market transactions due for settlement within 48 hours or forward trades acting to hedge the inventory which by their nature are outstanding for longer periods. All main market bullion settlements are valued at the LBMA daily price.

Other loans are loans from individuals denominated in bullion. These amounts are repayable in bullion and the liability is valued at each reporting date at the LBMA daily price.

Borrowings

The other borrowings shown in note 17 are denominated in bullion and are initially recorded at fair value.

They are subsequently measured at fair value, with the movement through the profit and loss account. The interest expense is recognised on an accruals basis for the interest due for the reporting period and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Reserves

Called up share capital represents the nominal value of shares that have been issued.

Share premium account includes any premiums received on the issue of share capital. Transaction costs associated with the issuing of shares are deducted from the share premium.

Profit and loss account includes all current and prior period profits and losses.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Share based payments

The company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Client accounts

The company operates separately designated client accounts in each currency in which the company trades. Customers are only able to purchase bullion once the company has received cleared money and this money is paid to and held in the separately designated financial accounts. As these amounts are held within designated client accounts and beneficial entitlement is retained by the customers, these cash balances are not included in the balance sheet of the company.

Operating premises leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2019	2018
	£ 000	£ 000
Bullionvault	293,590	169,523
Commission and fee income	6,827	5,505
Interest received	999	560
Other revenue	30	-
	<u>301,446</u>	<u>175,588</u>

4 Interest payable and similar expenses

	2019	2018
	£ 000	£ 000
Interest expense on other finance liabilities	<u>288</u>	<u>271</u>

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019	2018
	£ 000	£ 000
Wages and salaries	2,113	1,756
Social security costs	193	175
Pension costs, defined contribution scheme	97	92
Share-based payment expenses	5	9
Other employee expense	51	34
	<u>2,460</u>	<u>2,066</u>

The average number of persons employed by the company (including directors) during the year analysed by category was as follows:

	2019	2018
	No.	No.
Administration and support	30	31
Other departments	4	4
	<u>34</u>	<u>35</u>

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019**

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019	2018
	£ 000	£ 000
Remuneration	400	294
Contributions paid to money purchase schemes	2	9
Sums paid to third parties for directors' services	-	1
	<u>403</u>	<u>304</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019	2018
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	1	1
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2019	2018
	£ 000	£ 000
Remuneration	318	228
Benefits under long-term incentive schemes (excluding shares)	-	1
Company contributions to money purchase pension schemes	<u>4</u>	<u>8</u>

During the year the highest paid director received or was entitled to receive shares under a long term incentive scheme.

7 Auditors' remuneration

	2019	2018
	£ 000	£ 000
Audit of the financial statements	<u>48</u>	<u>48</u>
Other fees to auditors		
Taxation compliance services	5	5
All other assurance services	<u>6</u>	<u>7</u>
	<u>11</u>	<u>11</u>

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

8 Taxation

Tax charged/(credited) in the profit and loss account:

	2019	2018
	£ 000	£ 000
Current taxation		
UK corporation tax	<u>998</u>	<u>602</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2018 - the same as the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019	2018
	£ 000	£ 000
Profit before tax	<u>5,106</u>	<u>2,792</u>
Corporation tax at standard rate	970	531
Effect of expense not deductible in determining taxable profit (tax loss)	5	2
Tax (decrease)/increase from effect of capital allowances and depreciation	(5)	2
Tax increase from other short-term timing differences	40	68
Tax decrease arising from group relief	<u>(12)</u>	<u>-</u>
Total tax charge	<u>998</u>	<u>602</u>

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

9 Intangible assets

	Other intangible assets £ 000	Total £ 000
Cost or valuation		
At 1 November 2018	20	20
At 31 October 2019	20	20
Amortisation		
At 1 November 2018	2	2
Amortisation charge	1	1
At 31 October 2019	3	3
Carrying amount		
At 31 October 2019	17	17
At 31 October 2018	18	18

10 Tangible assets

	Short leasehold improvements £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation			
At 1 November 2018	72	260	333
Additions	50	17	66
Disposals	-	(4)	(4)
At 31 October 2019	122	273	395
Depreciation			
At 1 November 2018	72	236	309
Charge for the year	7	18	25
Eliminated on disposal	-	(4)	(4)
At 31 October 2019	79	250	330
Carrying amount			
At 31 October 2019	43	23	66
At 31 October 2018	-	24	24

GALMARLEY LIMITED**TRADING AS BULLIONVAULT.COM****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 OCTOBER 2019**

11 Investments in subsidiaries, joint ventures and associates

	2019	2018
	£ 000	£ 000
Investments in subsidiaries	<u>2,000</u>	<u>2,000</u>
Subsidiaries		£ 000
Cost or valuation		
At 1 November 2018		<u>2,000</u>
At 31 October 2019		<u>2,000</u>
Carrying amount		
At 31 October 2019		<u>2,000</u>
At 31 October 2018		<u>2,000</u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
BullionVault Limited	England	Ordinary	100%	100%
BullionVault Clients Limited	England	Ordinary	100%	100%
WhiskyInvestDirect Ltd	England	Ordinary	87.5%	87.5%
James Eadie Limited	England	Ordinary	87.5%	87.5%

The principal activity of BullionVault Limited is providing administrative services to the group.

The principal activity of BullionVault Clients Limited is holding of client assets.

The principal activity of WhiskyInvestDirect Ltd is that of a whisky trading platform.

The principal activity of James Eadie Limited is that of a specialist whisky developer.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2019**

12 Stocks

	2019	2018
	£ 000	£ 000
Gold bullion	12,969	12,411
Silver bullion	8,304	5,709
Platinum bullion	1,362	978
	<u>22,635</u>	<u>19,098</u>

13 Debtors

	2019	2018
	£ 000	£ 000
Trade debtors	56	5
Amounts owed by group undertakings	340	277
Main market bullion settlements*	21,999	13,396
Foreign exchange trades*	1,103	338
Unsettled client trades receivable**	2,828	15
Other debtors	306	405
Prepayments	400	309
Total current trade and other debtors	<u>27,032</u>	<u>14,745</u>

* Generally, these amounts are settled within 48 hours.

**Open trades where clients' funds have already been received and are held in trust pending settlement.

14 Cash and cash equivalents

	2019	2018
	£ 000	£ 000
Cash at bank	<u>20,359</u>	<u>20,138</u>

GALMARLEY LIMITED**TRADING AS BULLIONVAULT.COM****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 OCTOBER 2019**

15 Creditors

	Note	2019 £ 000	2018 £ 000
Due within one year			
Loans and borrowings	17	5,300	4,640
Trade creditors		40	54
Main market bullion settlements*		22,187	13,624
Foreign exchange trades*		978	367
Unsettled client trades payable**		2,860	14
Amounts owed to group undertakings		140	149
Social security and other taxes		80	65
Other creditors		7	5
Accrued expenses		1,205	750
Corporation tax	8	659	365
		<u>33,457</u>	<u>20,034</u>
Due after one year			
Loans and borrowings	17	<u>3,376</u>	<u>2,776</u>

* Generally, these amounts are settled within 48 hours.

** Open trades where clients' funds have already been received and are held in trust pending settlement.

16 Pension and other schemes**Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £97,161 (2018 - £91,853).

GALMARLEY LIMITED**TRADING AS BULLIONVAULT.COM****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 OCTOBER 2019****17 Loans and borrowings**

	2019 £ 000	2018 £ 000
Current loans and borrowings		
Other borrowings	5,300	4,640

Other loans include £5,285,000 (2018 - £4,628,000) in respect of loans denominated in gold and £15,000 (2018 - £12,000) of loans denominated in silver. These loans are repayable in gold and silver bullion respectively and the liability has been valued at the relevant closing pm fix as determined by the London Bullion Market Association. Interest on the gold and silver debts is payable at 1.25%. Redemption of these loans can be made at any time by way of one months notice given by either the company or the lender. These loans of bullion are from individuals to the company and there is no impact on the segregation of the bullion owned by BullionVault customers.

	2019 £ 000	2018 £ 000
Non-current loans and borrowings		
Other borrowings	3,376	2,776

The loans due in more than one year relate to loans denominated in gold bullion of £3,166,000 (2018 - £2,605,000) and silver bullion of £210,000 (2018 - £171,000). The changes from year to year reflect changes in value and the amount of gold and silver remained constant.

The gold and silver loans have no final maturity date and can only be repaid with the agreement of both parties. It is the intention that these are long term loans to the company. As with the gold and silver loans due in less than one year, the loans are repayable in gold and silver respectively and the liability has been valued at the relevant closing pm fix as determined by the London Bullion Market Association. Interest on these loans is payable at 7% per annum and is computed on the value of the gold and silver loans respectively based on the value of gold or silver at 31 March each year.

18 Share capital**Allotted, called up and fully paid shares**

	No. 000	2019 £ 000	No. 000	2018 £ 000
Ordinary shares of £1 each	360	360	363	363

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2019	2018
	£ 000	£ 000
Not later than one year	199	39
Later than one year and not later than five years	641	-
	<u>840</u>	<u>39</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £181,000 (2018 - £137,000).

20 Share-based payments

During the year ended 31 October 2013, the company established a government approved Enterprise Management Incentive (EMI) share option scheme.

The option scheme is described below:

Type of arrangement	EMI
Date of grant	1 May 2013
Number granted	9,316
Contractual life	10 years

The directors considered the fair value at the date of grant of each share option granted as required by FRS 20 Share Based Payment, which was in place at the date of grant. Taking into account the uncertainty of the various inputs to option pricing models for this and similar companies, the directors considered that the fair value of the share options granted would not lead to a material profit and loss charge being required and accordingly no share based payment charge was made.

	2019	2019	2018	2018
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at start of year	2,095	186.30	2,095	186.30
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Modified	-	-	-	-
Outstanding at end of year	2,095	186.30	2,095	186.30
Exercisable at end of year	2,095	186.30	2,095	186.30

During the year ended 31 October 2017 a modification to the scheme occurred with options over 6,335 shares exercisable at £156.36 transferred to the company's new share option schemes.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

During the year ended 31 October 2017, the company granted new share options with scheme details set out below.

The fair value of these equity settled options is estimated at the date of grant using the Black - Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The services received are recognised over the expected vesting period.

The expense recognised for equity settled share based payments in respect of employee services received during the year to 31 October 2019 is £4,629 (2018 - £9,047).

	2019	2019	2018	2018
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at start of year	10,816	90.87	11,002	90.87
Granted	-	-	-	-
Forfeited	(280)	156.36	(186)	156.30
Exercised	-	-	-	-
Outstanding at end of year	10,536	87.97	10,816	89.74
Exercisable at end of year	8,880	85.57	8,321	84.28

The share options were granted on 22 February 2017 and have varying exercise prices and vesting periods with a contractual life of 10 years.

21 Dividends

	2019 £ 000	2018 £ 000
Interim dividend of £5.70 (2018 - £5.50) per ordinary share	<u>2,050</u>	<u>1,999</u>

22 Related party transactions

Other transactions with directors

The only key management personnel are the directors. The aggregate compensation paid to them is the amount shown in note 6, Directors' Remuneration.

During the year the company paid dividends totalling £840,089 (2018 - £810,612) to one of the directors.

Included within other borrowings are loans of gold and silver to the company to support its trading activities from P G Tustain and his spouse. Interest is paid at 7% pa based on the valuation of the gold or silver at 31 March each year and interest of £176,000 (2018 - £154,000) has been charged to the profit and loss account. These loans have no final maturity date and can only be redeemed with the agreement of the company. At the balance sheet date the company owed P G Tustain and his spouse £2,646,000 (2018 - £2,175,000).

Included within other borrowings are loans of gold to the company to support its trading activities from the personal pension scheme of P G Tustain. Interest is paid at 7% pa based on the valuation of the gold or silver at 31 March each year and interest of £26,000 (2018 - £21,000) has been charged to the profit and loss account. These loans have no final maturity date and can only be redeemed with the agreement of the company. At the balance sheet date the amount due to the pension scheme was £386,000 (2018 - £318,000).

Summary of transactions with subsidiaries

The company maintains interest free intercompany accounts with its subsidiaries which are repayable on demand and are primarily used for costs related to IT, operational and financial support provided by the company. At the balance sheet date the company was due £640,000 (2018 - £566,000) from its subsidiaries which are not wholly owned.

Augmentum Fintech

Augmentum Fintech is the UK's only publicly listed investment company focusing on the fintech sector in the UK and wider Europe. The earlier iteration of the fund (Augmentum Capital) bought a minority shareholding in Galmarley Ltd in June 2010.



The London Bullion Market Association

On 1st September 2008 we were elected into the London Bullion Market Association which represents the largest of the world's physical bullion markets.



Queen's Award for Enterprise

In April 2013, BullionVault received a [Queen's Award for International Trade](#), the UK's most prestigious business award, adding to its 2009 award for Enterprise Innovation. Selected by government, commercial and business advisors, the Awards are conferred by the Queen in consultation with the British prime minister's office, and awarded for outstanding achievement in business.



Deloitte – Fast 50 Tech

Global auditing and consultancy specialist Deloitte counted London-based BullionVault as the UK's 14th fastest-growing tech business in 2012. BullionVault's 5-year turnover growth of 1261% put it amongst the top 100 tech companies in Europe, the Middle East & Africa.



MoneyWeek – Best Gold Broker

MoneyWeek is the UK's best-selling financial magazine. In November 2014, readers voted BullionVault the best gold broker in the first ever MoneyWeek Awards.



Founder & CEO Paul Tustain receives BullionVault's second Queen's Award for Enterprise, presented by Sandy Cahill, Representative Deputy Lieutenant for the London Borough of Hammersmith & Fulham.