

# Cookson Precious Metals Limited

Report and Financial Statements

Year Ended

31 December 2021

Company Number 02775187



# Cookson Precious Metals Limited

## Report and financial statements for the year ended 31 December 2021

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### Directors

P W Evans  
M E Bach

### Secretary and registered office

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

### Company number

02775187

### Auditors

BDO-LLP, Two Snowhill, Birmingham, B4 6GA

# Cookson Precious Metals Limited

## Strategic Report for the year ended 31 December 2021

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The directors present their strategic report together with the audited financial statements for the year ended 31 December 2021.

### Business review

As shown in the company's Statement of Comprehensive Income on page 13, the Company's turnover decreased from £300.9m to £258.0m due to the continued impact on the business in respect of the coronavirus pandemic. The Company continued to be impacted by the decisions taken by UK Government regarding restrictions and temporary closures of sectors of the UK economy during the first four months of the year, which continued to negatively impact the retail facing parts of the business, such as precious metal recycling, which has the most disproportionate impact on turnover, and volume supply of precious metals into jewellery and industrial markets. Once those restrictions were lifted, we experienced unprecedented demand for precious metal products, largely driven by pent up demand for suspended activities such as weddings. However, despite the return of retail businesses, scrap continued to underperform against our expectations. The gold price remained fairly static throughout the remainder of the year, which contributed somewhat to the subdued activity in the marketplace. E-Commerce activities remained strong throughout the year, exceeding budgeted expectations yet again leading to overall gross profit margin increasing from 5.1% to 7.1% this year.

Increases in distribution costs are directly related to E-Commerce operations and increased logistics costs to service higher shipment volumes, particularly to overseas markets, including additional costs related to supporting the requirements to operate in a Covid-safe environment and total costs returning to a more normalised level as activity moved back towards pre-Covid levels. Administration costs also increased, again as a result of activity moving back towards more normalised levels. The company continued to access the UK Government Coronavirus Job Retention Scheme and Retail Business Rates Relief scheme where appropriate.

The overall net profit margin has increased from 0.6% to 0.9% this year.

The net assets of the Company at 31 December 2021 are £14,208k (2020 - £12,653k).

### Principal risks and uncertainties

Competitive pressure in Europe, India and the Far East, by way of imports into the UK market and globalisation through E Commerce, is a continuing risk for the Company, which could result in losing key sales to competitors. To manage this risk, the Company strives to provide added value products and services to its customers; prompt response times in the supply of products and services and the handling of customer queries; and through the maintenance of strong relationships with customers.

The Company purchases from and sells into international markets and it is therefore exposed to currency movements on such transactions. Where appropriate, the Company manages this risk by applying practices which seek to mitigate currency fluctuations.

The Company may be affected by fluctuations in the price and supply of key raw materials, particularly precious metals which are subject to fluctuating prices as market commodities. The Company employs financing and purchasing policies and practices to mitigate these risks where practicable.

The Company offers credit terms to some customers. Where sufficient risk is identified, that risk is mitigated by the placement of credit insurance to significantly limit the Company's exposure to default which would ordinarily result in a loss.

The Company's policy is to ensure that it always has sufficient cash to allow it to meet its liabilities when they become due. This risk is managed through budgeting and forecasting and a regular review of cash requirements.

The group risks to which L. Possehl & Co mbH is exposed to are discussed in L. Possehl's Annual Report which does not form part of this report.

# Cookson Precious Metals Limited

## Strategic Report for the year ended 31 December 2021 (continued)

### Financial Instruments

The Company is financed by share capital and group guaranteed precious metal consignment and monetary bank facilities. The Company has no long term third party debts. Liquidity and cash flow risks are mitigated by operating strong cash flow controls to ensure normal working capital requirements can be serviced by free cash flow. Details of the use of metal consignment stocks are contained in note 12 of the financial statements.

### Financial key performance indicators

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

	2021	2020
Turnover (£'000)	257,997	300,900
Gross profit (£'000)	18,441	15,392
Gross profit margin	7.1%	5.1%
Net profit margin	0.9%	0.5%

### Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to mitigate any adverse impact that might be caused by its activities.

### Going concern

The Company's business activities and funding arrangements, together with the factors likely to affect its future development and position are set out within this Strategic Report or in the notes contained in the financial statements attached to this report.

Despite the challenging trading environment particularly over the first four months of the year, the Company reported an improved operating profit, close to budget expectations, and remained cash generative. The Company also assessed what elements of government support was available and accessed some of the support mechanisms open to it to help support the Company through the year.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements. Detailed income statements and cash flow forecasts have been prepared and reviewed by the Company through to the period ending 30 June 2023 ("the period") to assist with this assessment that demonstrate that the Company will be able to operate and meet its external liabilities as they fall due for payment during this period.

This assessment was undertaken against both current and future trading conditions, which includes stress testing against scenarios arising from the coronavirus pandemic. The Directors do not consider that the impact of the current conflict in Ukraine to have direct impact on the Company. However, the indirect impact of increasing cost of living and impact this could have on consumer confidence has been considered. The Directors consider as the Company obtains revenues from diverse sources, the overall business model remains resilient if one of those sources is materially impacted.

The most plausible adverse scenario the Directors have considered in assessing going concern involves the stress testing of a significant reduction in revenues. The reduction in revenues was applied for the whole of the going concern forecast model, through to June 2023. Whilst this demonstrated a reduction in profitability, this had only a minor impact to cash flows. There are other elements of operating cost savings which could also be applied to further mitigate the profit impacts not contained within the original modelling to further improve any potential adverse impact to the scenario considered.

Despite repeated retail lockdowns, outstanding revenue collectability has not been materially impacted, even where support had been provided to those customers who requested it.

# Cookson Precious Metals Limited

## Strategic Report for the year ended 31 December 2021 (*continued*)

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### Going concern (*continued*)

During the year, the Company continued to employ homeworking for the sales and administrative teams, and for those who remained on site, the Company continued to maintain a high standard of safety protocols, beyond published government guidance, to enable the implementation of a Covid-safe environment to protect those employees. We have continued to operate throughout the year, whilst prioritising health and safety of those employees, resulting from minimal staff absences during the pandemic.

After careful consideration of the above aspects and other factors connected to the pandemic, the Directors remain of the view that the cash forecast is achievable. Whilst the directors note the possible impact of the pandemic on future activities and cash flows this is not considered a significant risk to the Company given the arrangements and mitigation options, and the currently available cash balances. As such the Directors consider that whilst uncertainty exists, there is sufficient headroom within the forecasts that this does not pose a material uncertainty that would cast doubt on the Company's ability to continue to operate and meet its liabilities as they fall due for payment throughout the period, which is a period of at least 12 months from signing of the accounts. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

### Statement by the directors in performance of their statutory duties in accordance with S172(1) Companies Act 2006

The Board of Directors consider that the decisions they have made during the financial year and the way they have acted have promoted the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act). The Board considers the Company's key stakeholders to include employees, shareholders, customers, suppliers and the local community.

The Board has delegated day-to-day management of the Company's activities to the management team who are responsible for the execution of the Company's strategy, of which the Board members also form a part. All members of the Executive management team have confirmed that they have complied in full with supporting the Board of Directors perform their statutory duties required under s172(1).

### Long-term decisions

The Board discussed the long-term strategy of the business, in line with the strategic pillars and key themes. The Board recognises its responsibility to act fairly between all its stakeholders.

### Customers

Cookson Precious Metals' ultimate ambition is to be the preferred supplier of choice whatever market or sector the Company operates in. We are continually looking to review and improve our product and service offering to ensure we meet the demands of our customers.

Customers have a number of ways to communicate with the Company and share their views, and the Company has processes in place to collate and act upon any issues as they occur, with internal performance indicators maintained to identify those issues and how they will be rectified.

The Company will continue to undertake reviews of elements of the customer base as and when management deem is necessary. During the coronavirus pandemic, customers continued to share positive feedback regarding the Company's ability to support trade customers through the difficult trading period, and to continue to supply in a timely and safe way despite the operating challenges. This resulted in no customer failures occurring during the reporting period where support was provided.

### Suppliers

Cookson Precious Metals draws on resources and support from a wide range of product and service suppliers, based both in the UK and overseas.

# Cookson Precious Metals Limited

## Strategic Report for the year ended 31 December 2021 (*continued*)

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### **Suppliers** (continued)

The Company has always sought to treat its suppliers fairly, not to request onerous payment terms, and act to minimise administrative disruption that can place cash flow pressures on the smaller businesses. Further, during the coronavirus pandemic, the Company sought to support its smaller suppliers by ensuring we uphold our payment terms despite the challenging environment, and actively looked to support suppliers if this was requested. We are pleased to report that we have not suffered any supply chain issues in respect of supplier failure during the reporting period.

The Company aligns itself to ethical standards within the sector in which we operate, and these standards are expected to be applied throughout the supply chain. We seek to review and update our supplier on-boarding and ongoing performance criteria to ensure suppliers continue to meet the ever changing needs and expectations of these standards.

### **People**

Cookson Precious Metals benefits from a combination of long serving experienced staff, and newer staff who bring different perspectives and ideas. We believe the blend of these skills, attributes and experiences lend itself well to drive the success of the Company.

We have an established programme of apprenticeship, and we are continually reviewing where apprenticeship can be utilised within organisation. So far we have undertaken apprenticeship programmes throughout production, sales, IT and finance. Further, we seek to provide internal development opportunities where possible to help our employees grow and gain additional skills or experience.

We communicate extensively with our employees. It is usual for the senior management team to hold at least two face to face briefings during the year to all employees, however during 2021 this was not possible due to the coronavirus pandemic and social distancing requirements. However company progress has continued to be published in written form, with clear indicators as to how the Company performed during this particularly challenging year. Additionally the middle management team are briefed regularly during the year, and this has been maintained during the pandemic by the use of video conferencing tools. Feedback is actively encouraged in all briefing sessions.

The Company operates performance management schemes as a basis for setting individual objectives and monitoring performance of the employees. Objectives are linked to a mix of key strategic and operational goals, and we adopt a roll down approach throughout the Company to ensure those goals are replicated for the respective teams.

### ***Inclusion and Diversity***

Employee well-being is an important focus. Aside from ensuring the safety and security of employees was maintained, as a priority, throughout the coronavirus pandemic, we provide our employees with free access to an Employee Assistance Program, and we have identified and trained specific employees as Mental Health First Aiders after an extensive consultation with employees. Staff training is kept under constant review, and the focus for 2021 was to complete Dignity & Diversity in the workplace.

Applications for employment by disabled persons are always fully considered, taking account of the qualifications, experience and capabilities of all applicants in respect of the vacancy being advertised. Should an event occur where an existing employee becomes disabled, every effort is made to ensure that the employment with the Company can be maintained, with appropriate adjustments and training being arranged. It is the policy of the Company that training and career development of a disabled person should, as far as possible, remain identical to that for a person who does not suffer from a disability.

# Cookson Precious Metals Limited

Strategic Report  
for the year ended 31 December 2021 (*continued*)

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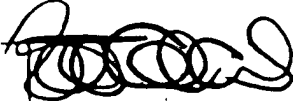
## Sustainability

The Board is acutely aware of its responsibility to safeguard the environment. We believe as a Responsible Business, it is ethically the right thing to do to help address the challenge of Climate Change by reducing our carbon footprint to net zero.

During the year, the Company has explored the means to measure aspects of our carbon footprint. We are engaging with a leading academic institution to help guide us in best practice in how to address this key issue. During 2022 we will scope our current footprint and develop actions to reduce through a collaboration with Coventry University. Alongside this we are looking at options for limiting the impact of our carbon emissions through a collaboration with Ecologi. We will be determining an approach for off-setting with an initial focus on our workforce but looking to expand into offering the possibility for our customers to off-set their purchases.

We also recognise that, as a Company dealing in precious metals, these natural resources are extracted from the earth with a major environmental impact. There have been statistics recently published that measured the carbon impact of jewellery manufacture from precious metals. For gold items, over 99% of the total CO<sub>2</sub> impact derives from the gold mining extraction. Whilst slightly less, for silver products, the CO<sub>2</sub> impact of the metal extraction still represents over 90% of the total CO<sub>2</sub> impact. We are pleased to have continued to move forward with our plan to use 100% recycled materials in our internal production of bullion products, this year adding silver to the achievement of gold announced last year. We are now working towards repeating this process for our platinum requirements, as well as engaging with our supply chain for all products containing precious metal to push towards 100% of our total product offering being sourced from recycled materials, in order to minimise as much as practically possible our impact on the planet.

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



**P W Evans**  
Director

Date: 27 May 2022

# Cookson Precious Metals Limited

## Directors' Report for the year ended 31 December 2021

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The directors present their report and the financial statements for the year ended 31 December 2021.

### Results and dividends

The profit for the year, after taxation, amounted to £2,305,000 (2020 - £1,415,000).

A £750,000 dividend has been paid during the year (2020 - £750,000). The directors have not proposed the payment of a final dividend (2020 - £Nil).

### Post balance sheet events

Given the current conflict in Ukraine, and the sanctions imposed on Russia, the directors are monitoring the impact on the Company. The directors do not consider that the impact of the conflict and sanctions imposed to be significant to the Company. The directors will continue to monitor the situation closely going forward.

There have been no other significant events affecting the Company since the year end.

### Directors

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

P W Evans  
M E Bach

### Strategic report

The review of the business, key performance indicators and the principle risks and uncertainties are not shown in the directors report as they are shown in the strategic report in accordance with S414C (11) of the Companies Act 2006.

### Employment of disabled persons

It has been the policy of the Company throughout the year to encourage the employment and development of suitable disabled persons.

No unnecessary limitations are placed on the type of work which disabled persons can perform and the policy ensures that in appropriate cases, consideration is given to modifications to equipment or premises and to adjustments in working practices.

The policies provides that full and fair consideration will be given to disabled applicants for employment and that existing employees who become disabled will have the opportunity to retrain and continue in employment.

### Employee involvement

During the year the policy of providing employees with information about the Company has continued through the use of internal memos and bulletins. Regular communication occurs between management and employees to allow the free flow of information and ideas.

### Financial risk management objectives and policies

Financial risk management objectives and policies have been formulated by the Company to control the Company's exposure to credit and price risk.

# Cookson Precious Metals Limited

## Directors' Report for the year ended 31 December 2021 (*continued*)

### Future Developments

Commercial efforts will continue to focus on leveraging the Company's strong balance sheet and financing position to support any sector utilising precious metals to target sales growth, whether located in the UK, Europe, or the rest of the world. Resources will continue to focus on striving to improve internal operations and our people in order to deliver the best combination of products and services our current, and any future customers would demand.

The Company has considered the impact of the UK exiting the European Union on its operations. The main concern impacts outbound logistics for recycling and E-Commerce distance selling of products. Whilst there has been a level of disruption during the year, the Company continues to seek logistics solutions that mitigate inconvenience to the end recipient. The Company does not believe there is a material impact to overall business performance despite the ongoing disruption.

### Research and Development

L. Possehl & Co GmbH invests in research and development activities appropriate to the size and nature of its operations with the aim of supporting the future development of the Company. This research and development activity may result from time to time in updates to existing products or services as appropriate.

### Statement by the directors in performance of their statutory duties in accordance with S172(1) Companies Act 2006

Further information about how the directors have engaged with employees, how they have had regard to employee interest, and the effect of that regard can be found in the strategic report. A summary of how the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard can also be found in the strategic report.

### Streamlined Energy and Carbon Report ("SECR")

We have conducted a review of our Scope 1, 2 and 3 carbon footprint against these carbon reduction commitments. This will serve as the base year for the future carbon footprint assessments to be assessed against.

#### *Boundary, methodology and exclusions*

Our greenhouse gas emissions reports is based on the March 2019 edition of HM Government Environmental Reporting Guidelines and uses UK Government GHG Conversion Factors for Company Reporting. We have identified the relevant activities and associated data for Scope 1, 2 and 3 emissions, which have been verified by an independent carbon consultant.

Reported emissions come from consumption of grid supplied electricity, grid supplied natural gas associated with the operation of buildings across the two UK sites and, company owned and operated transport, privately owned transport for business use and light goods vehicles. The Company has chosen to report SECR based on their financial boundary.

Scopes	Total kWh 2021	Total kWh 2020	Total tCO2e 2021	Total tCO2e 2020
Scope 1	908,997	841,308	174.56	164.13
Scope 2	1,926,449	1,817,138	409.04	423.65
Scope 3 (Mandatory)	22,639	4,481	5.75	1.14
<b>Gross Values</b>	<b>2,858,085</b>	<b>2,662,927</b>	<b>589.35</b>	<b>588.92</b>
Exported renewable electricity reduction				
Offsets				
Woodland Carbon Units				
<b>Net Values</b>	<b>2,858,085</b>	<b>2,662,927</b>	<b>589.35</b>	<b>588.92</b>

Scope 3 measures private vehicles used for business travel.

# Cookson Precious Metals Limited

## Directors' Report for the year ended 31 December 2021 (*continued*)

### Streamlined Energy and Carbon Report ("SECR") (*continued*)

#### *Energy efficiency investments*

The 2021 figures illustrate the impact Covid-19 restrictions had in 2020, resulting in increased energy consumption and tCO<sub>2</sub>e compared to the previous year. Total energy consumption increased by 7.33% to 2,858,085 kWh, whilst emissions increased by 0.07% to 589.35 tCO<sub>2</sub>e (gross value).

Electricity is the most significant component of the Company's carbon footprint. During 2021 we carried over targets and incentives from 2020 for energy reduction were continued into 2021, giving full year savings and benefits, however, due to COVID restrictions, some planned investments in 2021 could not be procured, due to travel restrictions, which did not allow for adequate machinery approvals.

Targets for 2022 include a 5% reduction in energy use vs 2021 (based on margin) as well as further upgrades and investment into data logging processing equipment to analyse further potential reductions in usage.

#### Disclosure of information to auditors

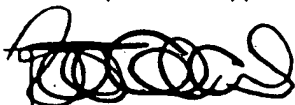
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Auditors

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

This report was approved by the board on 27 May 2022 and signed on its behalf.



**P W Evans**  
Director

# **Cookson Precious Metals Limited**

## **Directors' Responsibilities Statement for the year ended 31 December 2021**

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The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

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

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

# Cookson Precious Metals Limited

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

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### Opinion on the financial statements

In our opinion the financial statements:

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

We have audited the financial statements of Cookson Precious Metals Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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.

### 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.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

# Cookson Precious Metals Limited

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

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We have nothing to report in this regard.

### Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report 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.

### Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, 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 these financial statements.

### Extent to which the audit was capable of detecting irregularities, including fraud

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

# Cookson Precious Metals Limited

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the principles of United Kingdom Generally Accepted Accounting Practice, relevant tax legislation and health and safety.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements. Our tests included, but were not limited to:

- agreement of financial statements disclosures to underlying supporting documentation;
- review of accounting policies for non-compliance with relevant standards;
- enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and procedures relating to;
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they had knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- review of correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations;
- review of minutes of Directors' board meetings throughout the year; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

We also evaluated 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 inappropriate journal entries to manipulate financial results and management bias in accounting estimates. We addressed this risk through testing of journals, assessing and challenging the significant accounting estimates made and evaluated whether there was any evidence of bias by the Directors that represented a risk of material misstatement due to fraud. Given the nature and value of stock, we also performed procedures on the existence of stock given the fraud risk through misappropriation.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

Gareth Singleton (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Birmingham

DocuSigned by:  
*Gareth Singleton*  
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Date: 27 May 2022

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

# Cookson Precious Metals Limited

## Statement of Comprehensive Income For the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
<b>Turnover</b>	3	257,997	300,900
Cost of sales		(239,556)	(285,508)
<b>Gross profit</b>		<u>18,441</u>	<u>15,392</u>
Distribution costs		(10,525)	(9,612)
Administrative expenses		(3,420)	(2,981)
Other income	4	47	462
<b>Operating profit</b>	5	<u>4,543</u>	<u>3,261</u>
Interest payable and similar charges	8	(1,540)	(1,482)
Interest received and similar income		31	28
<b>Profit before tax</b>		<u>3,034</u>	<u>1,807</u>
Taxation on profit	10	(729)	(392)
<b>Profit for the year</b>		<u>2,305</u>	<u>1,415</u>
<b>Total comprehensive income for the year</b>		<u>2,305</u>	<u>1,415</u>

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of Comprehensive income.

All amounts relate to continuing activities.


The notes on pages 16 to 29 form part of these financial statements.

# Cookson Precious Metals Limited

## Statement of Financial Position As at 31 December 2021

<b>Company number 02775187</b>	<b>Note</b>	<b>2021 £'000</b>	<b>2021 £'000</b>	<b>2020 £'000</b>	<b>2020 £'000</b>
<b>Fixed assets</b>					
Tangible assets	11		4,103		4,302
<b>Current assets</b>					
Stocks	12	6,952		5,646	
Debtors	13	5,687		5,657	
Cash at bank and in hand		7,627		7,342	
		<u>20,266</u>		<u>18,645</u>	
Creditors: amounts falling due within one year	14	<u>(9,666)</u>		<u>(9,898)</u>	
<b>Net current assets</b>			<u>10,600</u>		<u>8,747</u>
<b>Total assets less current liabilities</b>			<u>14,703</u>		<u>13,049</u>
<b>Provision for liabilities</b>	16		<u>(495)</u>		<u>(396)</u>
<b>Net assets</b>			<u>14,208</u>		<u>12,653</u>
<b>Capital and reserves</b>					
Called up share capital	17		7,000		7,000
Profit and loss account	18		7,208		5,653
<b>Shareholders' funds</b>			<u>14,208</u>		<u>12,653</u>

The financial statements were approved by the Board of Directors and authorised for issue on 27 May 2022



**P W Evans**  
Director

The notes on pages 16 to 29 form part of these financial statements.

## Cookson Precious Metals Limited

### Statement of Changes in Equity For the year ended 31 December 2021

	Share capital £'000	Retained earnings £'000	Total equity £'000
<b>At 1 January 2021</b>	7,000	5,653	12,653
<b>Comprehensive income for the year</b>			
Profit for the year	-	2,305	2,305
<b>Total comprehensive income for the year</b>	-	2,305	2,305
Dividends paid (note 9)	-	(750)	(750)
<b>Total transactions with owners</b>	-	(750)	(750)
<b>At 31 December 2021</b>	7,000	7,208	14,208

### Statement of Changes in Equity For the year ended 31 December 2020

	Share capital £'000	Retained earnings £'000	Total equity £'000
<b>At 1 January 2020</b>	7,000	4,988	11,988
<b>Comprehensive income for the year</b>			
Profit for the year	-	1,415	1,415
<b>Total comprehensive income for the year</b>	-	1,415	1,415
Dividends paid (note 9)	-	(750)	(750)
<b>Total transactions with owners</b>	-	(750)	(750)
<b>At 31 December 2020</b>	7,000	5,653	12,653

The notes on pages 16 to 29 form part of these financial statements.

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021

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## 1 Accounting policies

### 1.1 Company information

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

### 1.2 Basis of preparation of financial statements

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

The accounts have been prepared using the reduced disclosure exemptions permitted by FRS 102 as a result of the financial statements being included within consolidated financial statements of its ultimate parent company. The accounts therefore do not include:

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

The preparation of financial statements for the year ended 31 December 2021 in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires company management to exercise judgement in applying the Company's accounting policies (see note 2).

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

The following principal accounting policies have been applied consistently:

### 1.3 Going concern

The Company's business activities and funding arrangements, together with the factors likely to affect its future development and position are set out within this Strategic Report or in the notes contained in the financial statements attached to this report.

Despite the challenging trading environment particularly over the first four months of the year, the Company reported an improved operating profit, close to budget expectations, and remained cash generative. The Company also assessed what elements of government support was available and accessed some of the support mechanisms open to it to help support the Company through the year.

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for a period of at least 12 months from the date of the approval of the financial statements. Detailed income statements and cash flow forecasts have been prepared and reviewed by the Company through to the period ending 30 June 2023 ("the period") to assist with this assessment that demonstrate that the Company will be able to operate and meet its external liabilities as they fall due for payment during this period.

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021 (continued)

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## 1 Accounting policies (continued)

### 1.3 Going concern (continued)

This assessment was undertaken against both current and future trading conditions, which includes stress testing against scenarios arising from the coronavirus pandemic. The Directors do not consider that the impact of the current conflict in Ukraine to have direct impact on the Company. However, the indirect impact of increasing cost of living and impact this could have on consumer confidence has been considered. The Directors consider as the Company obtains revenues from diverse sources, the overall business model remains resilient if one of those sources is materially impacted.

The most plausible adverse scenario the Directors have considered in assessing going concern involves the stress testing of a significant reduction in revenues. The reduction in revenues was applied for the whole of the going concern forecast model, through to June 2023. Whilst this demonstrated a reduction in profitability, this had only a minor impact to cash flows. There are other elements of operating cost savings which could also be applied to further mitigate the profit impacts not contained within the original modelling to further improve any potential adverse impact to the scenario considered.

Despite repeated retail lockdowns, outstanding revenue collectability has not been materially impacted, even where support had been provided to those customers who requested it.

During the year, the Company continued to employ homeworking for the sales and administrative teams, and for those who remained on site, the Company continued to maintain a high standard of safety protocols, beyond published government guidance, to enable the implementation of a Covid-safe environment to protect those employees. We have continued to operate throughout the year, whilst prioritising health and safety of those employees, resulting from minimal staff absences during the pandemic.

After careful consideration of the above aspects and other factors connected to the pandemic, the Directors remain of the view that the cash forecast is achievable. Whilst the directors note the possible impact of the pandemic on future activities and cash flows this is not considered a significant risk to the Company given the arrangements and mitigation options, and the currently available cash balances. As such the Directors consider that whilst uncertainty exists, there is sufficient headroom within the forecasts that this does not pose a material uncertainty that would cast doubt on the Company's ability to continue to operate and meet its liabilities as they fall due for payment throughout the period, which is a period of at least 12 months from signing of the accounts. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

### 1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

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

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021 (continued)

## 1 Accounting policies (continued)

### 1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The estimated useful lives range as follows:

Freehold property	- 2% - 4% per annum
Plant and machinery	- 7% - 33% per annum
Long leasehold land and buildings	- Over the term of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'administrative expenses' in the statement of comprehensive income.

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

### 1.6 Operating leases

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

### 1.7 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises expenditure directly incurred in purchasing or manufacturing stocks together with, where appropriate, attributable overheads based on normal activity levels. Net realisable value is based on estimated selling prices less any further costs expected to be incurred to completion and disposal.

Inventories of gold, silver and platinum group metals are valued according to the source from which the metal is obtained. Metal which has been purchased and committed to future sales to customers on the metal markets is valued at a price at which it is contractually committed. Other precious metal inventories owned by the Company which are uncommitted are valued at the lower of cost and net realisable value using the prevailing precious metal fix prices at the Statement of Financial Position date.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021 (*continued*)

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## 1 Accounting policies (*continued*)

### 1.8 Financial instruments

#### *Financial assets*

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

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

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

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

#### *Financial liabilities*

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

### 1.9 Debtors

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

### 1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 1.11 Creditors

Short term creditors are measured at the transaction price.

### 1.12 Foreign currency translation

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

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021 (continued)

## 1 Accounting policies (continued)

### 1.13 Leased asset

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

### 1.14 Finance costs

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

### 1.15 Pensions

#### Defined contribution pension plan

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

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

### 1.16 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as Other Comprehensive Income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021 (*continued*)

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## 1 Accounting policies (*continued*)

### 1.17 Leased assets: Lessor

Where assets are leased to a third party and give rights approximating to ownership (finance leases), the assets are treated as if they have been sold outright. The amount removed from the fixed assets is the net book value on disposal of the asset. The profit on disposal, being the excess of the present value of the minimum lease payments over net book value is credited to profit or loss.

Finance lease payments are analysed between capital and interest components so that the interest element of the payment is credited to profit or loss over the term of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts owed by the lessee.

All other leases are treated as operating leases. Their annual rentals are credited to profit or loss on a straight-line basis over the term of the lease.

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

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

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

### *Bad debt provisions*

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

### *Credit note provisions*

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

### *Tangible fixed assets*

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

### *Stock provisions*

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

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021 (continued)

## 3 Turnover

Analysis of turnover by country of destination:

	2021 £'000	2020 £'000
United Kingdom	250,559	291,930
Rest of Europe	6,140	8,242
Rest of the World	1,298	728
	<u>257,997</u>	<u>300,900</u>

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

## 4 Other income

	2021 £'000	2020 £'000
Government Job Retention Scheme income	47	390
Research and Development Expenditure Tax Credit	-	72
	<u>47</u>	<u>462</u>

## 5 Operating profit

This has been arrived at after charging/(crediting);	2021 £'000	2020 £'000
Depreciation of tangible fixed assets (note 11)	575	560
Exchange differences	(127)	(230)
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	42	39
Fees payable to the Company's auditor for taxation compliance services	7	6
Fees payable to the Company's auditor for other non-audit services	7	6
Defined contribution pension scheme (note 6)	809	774
Operating lease cost	226	235
	<u>226</u>	<u>235</u>

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021 (continued)

<b>6 Employees</b>	<b>2021</b>	<b>2020</b>
Staff costs, including directors' remuneration, were as follows:	<b>£'000</b>	<b>£'000</b>
Wages and salaries	8,256	7,287
Social security costs	520	601
Costs of defined contribution pension scheme	809	774
	<b>9,585</b>	<b>8,662</b>
The average monthly number of employees, including the directors, during the year was as follows:		
	<b>2021</b>	<b>2020</b>
	<b>Number</b>	<b>Number</b>
Production	60	57
Administration and selling	206	188
	<b>266</b>	<b>245</b>
<b>7 Directors' remuneration</b>		
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Directors' emoluments	238	237
Company contributions to defined contribution pension schemes	36	42
	<b>274</b>	<b>279</b>

Two directors received emoluments during the current year (2020 – two). During the year retirement benefits were accruing to two directors (2020 - two) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £148,000 (2020 - £149,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £23,000 (2020 - £26,000).

Key management personnel include all the directors of the Company. The directors do not consider any other personnel to be classified as key management. The directors have the authority and responsibility for planning, directing and controlling the activities of the Company. The total compensation paid to key management personnel for services provided to the Company was £302,000 (2020 - £311,000).

<b>8 Interest payable and similar charges</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Precious metal consignment interest	1,540	1,482
	<b>1,540</b>	<b>1,482</b>

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021 (*continued*)

9 Dividends	2021 £'000	2020 £'000
Dividends paid on equity capital:		
Interim dividends paid of 10.71p (2020 – 10.71p) per share	750	750
	<hr/>	<hr/>
10 Taxation on profit	2021 £'000	2020 £'000
<i>UK corporation tax</i>		
Current tax on profits of the period	619	359
Adjustments in respect of prior periods	11	26
	<hr/>	<hr/>
Total corporation tax	630	385
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(30)	(27)
Adjustments in respect of prior periods	3	(11)
Change in tax rate	126	45
	<hr/>	<hr/>
Total deferred tax	99	7
	<hr/>	<hr/>
Taxation on profit	729	392
	<hr/>	<hr/>

## Factors affecting tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit before tax	3,034	1,807
	<hr/>	<hr/>
Profit at the standard rate of corporation tax in the UK of 19% (2020 - 19%)	576	343
Effects of:		
Expenses not deductible for tax purposes	22	2
Change in tax rate	117	45
Adjustments in respect of prior periods	14	2
	<hr/>	<hr/>
Total tax charge for the year	729	392
	<hr/>	<hr/>

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021 (continued)

## 11 Tangible assets

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Plant and machinery £'000	Total £'000
<i>Cost</i>				
At 1 January 2021	1,261	1,642	6,615	9,518
Additions	-	-	376	376
Disposals	-	-	-	-
At 31 December 2021	<b>1,261</b>	<b>1,642</b>	<b>6,991</b>	<b>9,894</b>
<i>Depreciation</i>				
At 1 January 2021	646	1,050	3,520	5,216
Charge for the year	21	42	512	575
Disposals	-	-	-	-
At 31 December 2021	<b>667</b>	<b>1,092</b>	<b>4,032</b>	<b>5,791</b>
<i>Net book value</i>				
At 31 December 2021	<b>594</b>	<b>550</b>	<b>2,959</b>	<b>4,103</b>
At 31 December 2020	615	592	3,095	4,302

The net book value of land included in Freehold land and buildings is £116,000 (2020 - £116,000).

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021 (*continued*)

## 12 Stocks

	2021 £'000	2020 £'000
Raw materials and consumables	1,651	2,044
Work in progress	629	613
Finished goods and goods for resale	4,672	2,989
	6,952	5,646

### *Consignment stock*

In addition to the stocks recorded in the Statement of Financial Position, the Company held precious metals on consignment terms with a total value at 31 December 2021 of £133.8m (2020 - £92.1m), as explained further below. The Company also held precious metals on consignment terms on behalf of customers for processing, the total value of which at 31 December 2021 was £16.8m (2020 - £10.2m).

The Company has entered into various precious metal consignment arrangements with precious metal consigning entities ("the Consignors") until the stock is purchased by the Company. As the Consignors retain title and associated risks and rewards of ownership under these arrangements, the value of the physical metal held is not recognised in the company Statement of Financial Position. The utilisation of consigned precious metal is established practice in the precious metals industry.

There is no material difference between the replacement cost of stocks and the amounts stated above.

The cost of inventories expensed in the period and included within cost of sales was £224.0m (2020 - £282.0m). Impairment provision at the year-end relating to damaged or obsolete inventories amounted to £385,000 (2020 - £354,000).

## 13 Debtors

	2021 £'000	2020 £'000
Trade debtors	4,272	3,749
Amounts owed by group undertakings	481	1,121
Corporation tax recoverable	17	150
Prepayments and accrued income	917	637
	5,687	5,657

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

The impairment gain recognised in the Statement of Comprehensive Income for the period in respect of bad and doubtful trade debtors was £31,000 (2020 - £34,000).

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021 (continued)

## 14 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	4,496	4,053
Amounts owed to group undertakings	679	274
Other taxation and social security	1,929	3,140
Corporation tax	-	-
Obligations under finance lease and hire purchase contracts	2	4
Accruals and deferred income	2,560	2,427
	9,666	9,898

## 15 Financial instruments

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

	2021 £	2020 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	12,380	12,212
	12,380	12,212
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	7,735	6,754
	7,735	6,754

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

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

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021 (*continued*)

16 Provisions for liabilities	2021 £'000	2020 £'000
At 1 January	396	389
Charged to profit and loss	99	7
	495	396
At 31 December	495	396
The deferred taxation balance is made up as follows:		
	2021 £'000	2020 £'000
Fixed asset timing differences	495	396
	495	396
At 31 December	495	396

## Deferred tax

All deferred tax liabilities were recognised as at the year ended 31 December 2021.

17 Share capital	2021 £'000	2020 £'000
<i>Allotted, called up and fully paid</i> 7,000,000 ordinary shares of £1 each	7,000	7,000
	7,000	7,000

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

## 18 Reserves

### Share capital

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

### Profit and loss account

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

## 19 Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £809,000 (2020 - £774,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

# Cookson Precious Metals Limited

Notes forming part of the financial statements  
For the year ended 31 December 2021 (continued)

## 20 Commitments under operating leases

As at 31 December 2021, the Company had future minimum lease payments under non-cancellable operating leases as set out below:

	2021 £'000	2020 £'000
Not later than 1 year	227	226
Later than 1 year and not later than 5 years	659	672
Later than 5 years	658	816
	<u>1,544</u>	<u>1,714</u>

## 21 Contingent liabilities

The Company is a party to a historic guarantee of £400,000 in favour of HMRC within their banking facility dating back to 2000.

## 22 Controlling party

The Company is a subsidiary of L Possehl & Co. mbH which is the ultimate parent company incorporated in Germany.

The largest group in which the results of the Company are considered is that headed by L. Possehl & Co. mbH, incorporated in Germany. The smallest group in which they are consolidated is that headed by Heimerle & Meule GmbH, incorporated in Germany. The consolidated accounts are available to the public and may be obtained from Beckergrube 38-52, 23552 Lubeck, Germany.

## 23 Post balance sheet events

Given the current conflict in Ukraine, and the sanctions imposed on Russia, the directors are monitoring the impact on the Company. The directors do not consider that the impact of the conflict and sanctions imposed to be significant to the Company. The directors will continue to monitor the situation closely going forward.

There have been no other significant events affecting the Company since the year end.