

Company Registration number: 04943684

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
CONTENTS

	Page
Company Information	1
Directors' Report	2 to 8
Statement of Directors' Responsibilities	9
Independent Auditors' Report	10 to 11
Profit and Loss Account	12
Balance Sheet	13
Cash Flow Statement	14 to 15
Notes to the Financial Statements	16 to 26

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
COMPANY INFORMATION

Directors P G Tustain
G Lockwood
M Grubb
T Levene

Company secretary K Suchak

Registered office Brook House
229-243 Shepherd's Bush Road
London
W6 7AN

Auditors Albert Goodman LLP
Senior Statutory Auditor
Mary Street House
Mary Street
Taunton
Somerset
TA1 3NW

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2011

The directors present their report and the financial statements for the year ended 31 October 2011.

Directors of the company

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

P G Tustain

G Lockwood

M Grubb

T Levene

Principal activity

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

Good 2011 results

The company again made good progress in the year to 31 October 2011. At the year end BullionVault had 33,072 active users (2010: 20,938). In this, the sixth full year of trading bullion, sales amounted to £559m (2010: £304m).

The business continues to change into a user driven exchange. Agency purchases - where a client buys directly from another client on the BullionVault order board - grew much faster than sales, to £1,021m (2010: £381m). As our business matures we will increasingly provide this exchange service for people to trade their own bullion, and act as an agent, which is important and beneficial to the company. This has the effect of providing us with no sales but two commissions, whereas trading as principal provides us with 'official' sales, one mark-up, and one commission. The effect of this is a slowing of sales growth but an increase in reported margin. To some extent that increase in reported margin is offset this year as the company invests in staff and product development.

Gold

Gold had a remarkable summer run, taking in new highs through July and August before quietening markedly by the year end. As at 31 Oct 2011 we were looking after 26.3 tonnes (2010 : 21.2 tonnes).

Silver

Silver boomed and sagged during the year, peaking at over \$1,500 per kilo, and falling away again to about \$1,000. It remains volatile. By October 2011 we were storing 244 tonnes (2010 : 89 tonnes).

Headcount

During the year under review our staff headcount increased significantly from 17 to 31. This was in line with my projections last year. The increased headcount allows new initiatives which are being developed, and which will roll out during the current year.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2011

Financial strength

The company again made a substantial transfer to its internal reserves. It retains net shareholders funds approaching £19 million (2010 :14.8m) which are all held in immediately marketable bullion, or in cash held at call.

By comparison the company cost £3.4 million to run last year.

The net assets per £1 ordinary share continued to grow, to £54 (2010 : £40).

Current market position and trading

We remain the leading supplier of main market gold bullion to the UK retail customer and we believe we are the global leader on the internet.

We currently look after \$1.56bn (£987m) in gold. We also look after \$310m (£196m) in silver, and \$205m (£136m) in client money cash balances. In total that places client assets in our care at well over \$2 billion (£1.26bn).

This current year started reasonably well but shows a reduction in trading volume at the beginning of our second quarter. These reductions are a regular occurrence in the company's business and it is not easy to predict whether the falling off in volumes is temporary or whether there is an underlying and permanent contraction in the retail bullion market.

On balance I believe a permanent contraction in customer demand for metal is unlikely in the context of the monetary problems which continue unresolved in Europe, the UK, and to a lesser extent in USA. For the moment pumping €1 trillion into the European banking system seems to have reduced the air of panic which was setting in during December 2011. Yet it seems likely it will in due course generate even more reason to be concerned about the soundness of the European monetary system. Counting against that is the robustness of the US recovery. On the face of it this seems real in the data, but we should remember that it is happening under extraordinary fiscal and monetary looseness.

We continue to look forward to the coming year with a high degree of concern for the monetary system and - consequently - a high degree of confidence in gold.

Financial risks

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

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2011

Financial risk management 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 must already belong to the company and be in the vault when 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 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 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 and silver bullion trades. These are executed with reputable London bullion dealers. The company currently has accounts with four bullion dealers. All are members of the London Bullion Market Association. Three are subsidiaries of very large financial corporations. 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.

2. Currency spot trades. The company buys its FX direct from its own bankers where the risk of one sided settlement is eliminated.

There is no material risk regarding the forward 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.

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.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2011

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.

These days size is clearly no protection from default, and there is no 100% safe counterparty.

Our counterparties for bullion trades are all LBMA member firms. We have a number of suppliers 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 £5m 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.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2011

Reporting currency risk

We regard it as still quite likely that we will see dramatic financial failures in both the short and medium term, although the risk is reducing as governments increasingly react to crisis by injecting the occasional €1 trillion (or £100 billion) of liquidity. This presents us with a smaller risk of financial failure, but a bigger 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 essentially flat. But if we flatten our gold and foreign currency positions, then by definition our £19m of shareholders' funds are exposed to fluctuations in Sterling.

A prolonged or dramatic fall in Sterling - which is still a material risk - would lose our shareholders a great deal of real value, 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 are required to consider diversifying our £19m in shareholders funds to other forms - whether that be currency, or gold, or something else again. The board must exercise a difficult judgment here. However 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 TSB 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 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 in the event of a failure of Lloyds TSB. Nevertheless with a failure of Lloyds TSB it is unlikely that government protection applying on client funds would redeem their 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.

Market risk

The company is exposed to movements in the gold price. It maintains an unhedged gold inventory of approximately 50 kg which is allowed to float up and down by a maximum of 38kg before being corrected by a market trade.

It is not economic to hedge this small balance entirely out of market risk. At current prices a maximum long of 88kg undergoing a two percent price fall in gold - which would be a sharp one day move - costs the company about £50,000 in inventory losses, which is easily absorbed by our financial strength. By the same token price rises produce similar inventory profits.

Neither the gold nor the new silver position is considered a material risk.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2011

Liquidity risk

The company only operates 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.

Cash flow risk

The company has no current material risk in terms of cash flow. The company has sufficient shareholders funds of £19m (2010 : £14.8m) 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.

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.

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, although there are no specific known instances to which the business is materially exposed.

Results and dividends

The results for the year are set out on page 12.

An interim ordinary dividend of £0.275 per £1 ordinary share was paid during the year.

The directors recommend payment of an ordinary dividend of £0.3025 per £1 ordinary share payable to holders of shares as at 31 January 2012.

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 which they know the auditors are unaware of.

GALMARLEY LIMITED

TRADING AS BULLIONVAULT.COM

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2011

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 12 April 2012 and signed on its behalf by:

P G Tustain
Director

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 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 company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdiction.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALMARLEY LIMITED

We have audited the financial statements of Galmarley Limited for the year ended 31 October 2011, set out on pages 12 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 9), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALMARLEY LIMITED

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 October 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Alison Kerr FCA (Senior Statutory Auditor)
For and on behalf of Albert Goodman LLP, Statutory Auditor

Mary Street House
Mary Street
Taunton
Somerset
TA1 3NW

17 April 2012

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2011

	Note	2011 £ 000	2010 £ 000
Turnover	2	558,560	304,248
Cost of sales		<u>(549,799)</u>	<u>(298,746)</u>
Gross profit		8,761	5,502
Administrative expenses		<u>(2,478)</u>	<u>(1,444)</u>
Operating profit	3	6,283	4,057
Other interest receivable and similar income	7	2	-
Interest payable and similar charges	8	<u>(429)</u>	<u>(365)</u>
Profit on ordinary activities before taxation		5,856	3,693
Tax on profit on ordinary activities	9	<u>(1,520)</u>	<u>(1,092)</u>
Profit for the financial year	17	<u><u>4,337</u></u>	<u><u>2,601</u></u>

Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
(REGISTRATION NUMBER: 04943684)
BALANCE SHEET AT 31 OCTOBER 2011

	Note	2011 £ 000	2010 £ 000
Fixed assets			
Tangible fixed assets	10	54	33
Current assets			
Stocks	11	12,567	9,544
Debtors	12	10,219	4,280
Cash at bank and in hand		19,455	15,190
		42,241	29,014
Creditors: Amounts falling due within one year	13	(19,952)	(11,678)
Net current assets		22,289	17,336
Total assets less current liabilities		22,343	17,369
Creditors: Amounts falling due after more than one year	14	(3,213)	(2,523)
Net assets		19,131	14,846
Capital and reserves			
Called up share capital	15	351	349
Share premium account	17	8,272	8,230
Profit and loss account	17	10,508	6,267
Shareholders' funds	18	19,131	14,846

Approved by the Board on 12 April 2012 and signed on its behalf by:

P G Tustain
 Director

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2011

Reconciliation of operating profit to net cash flow from operating activities

	2011	2010
	£ 000	£ 000
Operating profit	6,283	4,057
Depreciation, amortisation and impairment charges	39	23
Increase in stocks	(3,023)	(2,083)
Increase in debtors	(5,939)	(2,383)
Increase in creditors	6,150	2,359
Net cash inflow from operating activities	<u>3,509</u>	<u>1,973</u>

Cash flow statement

	2011	2010
	£ 000	£ 000
Net cash inflow from operating activities	<u>3,509</u>	<u>1,973</u>

Returns on investments and servicing of finance

Interest received	2	-
Interest paid	(429)	(365)
	(427)	(365)
Taxation paid	(1,179)	(1,144)

Capital expenditure and financial investment

Purchase of tangible fixed assets	(60)	(13)
Equity dividends paid	(96)	(78)
Net cash inflow before management of liquid resources and financing	<u>1,747</u>	<u>374</u>

Financing

Value of new loans obtained during the period	2,474	2,894
Repayment of loans and borrowings	-	(677)
Issue of shares	44	5,060
	<u>2,517</u>	<u>7,277</u>
Increase in cash	<u>4,265</u>	<u>7,650</u>

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2011

Reconciliation of net cash flow to movement in net debt

	Note	2011 £ 000	2010 £ 000
Increase in cash		4,265	7,650
Cash inflow from increase in loans		(2,474)	(2,894)
Cash outflow from repayment of loans		-	677
Change in net debt resulting from cash flows	20	<u>1,791</u>	<u>5,433</u>
Movement in net debt	20	1,791	5,433
Net funds at 1 November	20	<u>5,870</u>	<u>437</u>
Net funds at 31 October	20	<u><u>7,661</u></u>	<u><u>5,870</u></u>

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

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.

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Fixtures, fittings and equipment	33.33% straight line
Short leasehold improvements	Straight line over the life of the lease

Stock

Stocks consist of gold and silver bullion held by the company, and are valued at the closing pm fix 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 SSAP 9, Stocks and long term contracts, which requires stocks to be valued at the lower of cost and net realisable value. The director considers the policy of valuing stocks at net realisable market value to be necessary to show a true and fair view and wholly consistent with the operation of the company's business. It is not possible to quantify the impact of departing from SSAP 9 as historic information regarding original cost has no application to the business and is therefore not available.

Client accounts

The company operates separately designated client accounts in each currency in which the company trades. Customers are only able to purchase gold once the company has received cleared money and this money is paid to and held in the separately designated client 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.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

Office premises leasing

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

Financial instruments

Debtors and creditors include amounts due for settlement under gold and silver contracts and spot foreign exchange contracts. These amounts are valued at market prices prevailing at the balance sheet date. Changes in the valuation are recorded via the profit and loss account.

2 Turnover

The company's income is derived from its activities of enabling its customers to buy and sell gold and silver via the internet and arranging the custody of the gold and silver owned by its customers which, for the purposes of segmental analysis, is considered by the directors to be a single global market.

3 Operating profit

Operating profit is stated after charging:

	2011	2010
	£ 000	£ 000
Operating leases - other assets	120	35
Depreciation of owned assets	39	23
Auditor's remuneration	42	26

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

4 Auditor's remuneration

	2011 £ 000	2010 £ 000
Audit of the financial statements	28	16
Other fees to auditors		
Other services	14	10
	<u>42</u>	<u>26</u>

5 Particulars of employees

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

	2011 No.	2010 No.
Directors	4	2
Development and support staff	22	15
	<u>26</u>	<u>17</u>

The aggregate payroll costs were as follows:

	2011 £ 000	2010 £ 000
Wages and salaries	1,296	679
Social security costs	111	75
	<u>1,407</u>	<u>753</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2011 £ 000	2010 £ 000
Remuneration	<u>74</u>	<u>53</u>

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

7 Other interest receivable and similar income

	2011	2010
	£ 000	£ 000
Other interest receivable	<u>2</u>	<u>-</u>

8 Interest payable and similar charges

	2011	2010
	£ 000	£ 000
Other interest payable	<u>429</u>	<u>365</u>
	<u>429</u>	<u>365</u>

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

9 Taxation

Tax on profit on ordinary activities

	2011	2010
	£ 000	£ 000
Current tax		
Corporation tax charge	<u>1,520</u>	<u>1,092</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2010 - higher than) the standard rate of corporation tax in the UK of 26.82% (2010 - 28%).

The differences are reconciled below:

	2011	2010
	£ 000	£ 000
Profit on ordinary activities before taxation	<u>5,856</u>	<u>3,693</u>
Corporation tax at standard rate	1,571	1,034
Capital allowances in excess of depreciation	(6)	2
Non deductible expenses	(46)	58
Other tax adjustments	<u>-</u>	<u>(3)</u>
Total current tax	<u>1,520</u>	<u>1,092</u>

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

10 Tangible fixed assets

	Freehold land and buildings £ 000	Fixtures and fittings £ 000	Total £ 000
Cost or valuation			
At 1 November 2010	36	53	89
Additions	-	60	60
At 31 October 2011	<u>36</u>	<u>113</u>	<u>149</u>
Depreciation			
At 1 November 2010	14	42	56
Charge for the year	12	27	39
At 31 October 2011	<u>26</u>	<u>69</u>	<u>95</u>
Net book value			
At 31 October 2011	<u>10</u>	<u>45</u>	<u>54</u>
At 31 October 2010	<u>22</u>	<u>12</u>	<u>33</u>

11 Stocks

	2011 £ 000	2010 £ 000
Gold bullion	8,606	8,513
Silver bullion	3,961	1,030
	<u>12,567</u>	<u>9,544</u>

12 Debtors

	2011 £ 000	2010 £ 000
Main market bullion settlements (within 48 hours)	7,201	3,083
Foreign exchange trade receivables (within 48 hours)	2,398	872
Other debtors	402	233
Prepayments and accrued income	219	93
	<u>10,219</u>	<u>4,280</u>

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

13 Creditors: Amounts falling due within one year

	2011	2010
	£ 000	£ 000
Trade creditors	82	6
Main market bullion settlements	7,122	3,067
Foreign exchange trade payables	2,374	879
Other loans	8,581	6,797
Corporation tax	903	563
Other taxes and social security	113	-
Accruals and deferred income	777	367
	<u>19,952</u>	<u>11,678</u>

Other creditors include £8,558,000 (2010: £6,781,000) in respect of loans denominated in gold and £23,000 (2010: £16,000) of loans denominated in silver. These loans are repayable in gold or 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 this debt was payable at between 2.75% and 3.50% on the average closing sterling price of the relevant bullion until 31 July 2011. From 1 August 2011, the interest payable on this debt was reduced to 1.5%. 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.

14 Creditors: Amounts falling due after more than one year

	2011	2010
	£ 000	£ 000
Other loans	<u>3,213</u>	<u>2,523</u>

The loans due in more than one year relate to loans denominated in gold bullion of £2,890,000 (2010 - £2,290,000) and silver bullion of £323,000 (2010 - £233,000).

The gold and silver loans have no final maturity date and can only be repaid with the agreement of the company. 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 loan respectively based on the value of gold or silver at 31 March each year.

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

15 Share capital

Allotted, called up and fully paid shares

	2011		2010	
	No.	£	No.	£
Ordinary shares of £1 each	<u>350,663</u>	<u>350,663</u>	<u>349,204</u>	<u>349,204</u>

New shares allotted

During the year 1,459 Ordinary shares having an aggregate nominal value of £1,459 were allotted for an aggregate consideration of £43,770.

16 Dividends

	2011	2010
	£ 000	£ 000
Dividends paid		
Prior year final dividend paid	<u>96</u>	<u>78</u>

17 Reserves

	Share premium account	Profit and loss account	Total
	£ 000	£ 000	£ 000
At 1 November 2010	8,230	6,267	14,497
Profit for the year	-	4,337	4,337
Dividends	-	(96)	(96)
Premium on issue of shares	<u>42</u>	<u>-</u>	<u>42</u>
At 31 October 2011	<u>8,272</u>	<u>10,508</u>	<u>18,780</u>

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

18 Reconciliation of movement in shareholders' funds

	2011 £ 000	2010 £ 000
Profit attributable to the members of the company	4,337	2,601
Dividends	(96)	(78)
New share capital subscribed	44	5,060
Net addition to shareholders' funds	4,284	7,583
Shareholders' funds at 1 November	14,846	7,263
Shareholders' funds at 31 October	<u>19,131</u>	<u>14,846</u>

19 Commitments

Operating lease commitments

As at 31 October 2011 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2011 £ 000	2010 £ 000
Land and buildings		
Within one year	90	-
Within two and five years	-	56
	<u>90</u>	<u>56</u>

20 Analysis of net debt

	At 1 November 2010 £ 000	Cash flow £ 000	At 31 October 2011 £ 000
Cash at bank and in hand	15,190	4,265	19,455
Debt due within one year	(6,797)	(1,784)	(8,581)
Debt due after more than one year	(2,523)	(690)	(3,213)
Net funds	<u>5,870</u>	<u>1,791</u>	<u>7,661</u>

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

21 Related party transactions

Other related party transactions

During the year the company entered into the following related party transactions:

Paul Tustain

(Director)

Included within other creditors due in more than one year are loans of gold and silver lent to the company to support its trading activities. Interest is paid at 7% pa based on the valuation of the gold or silver at 31 March each year and interest of £167,000 (2010 - £132,000) has been charged to the profit and loss account. These loans have no final maturity date and can only be redeemed with agreement of the company. At the balance sheet date the amount due to Paul Tustain in respect of gold and silver loans was £2,533,000 (2010 - £1,984,000).

Paul Tustain's pension scheme

(Pension scheme of a Director)

Included in creditors due in more than one year are loans to the company of gold. Interest is paid at 7% pa based on the valuation of gold at 31 March each year and interest of £22,000 (2010 - £19,000) has been charged to the profit and loss. This loan is provided by the pension scheme to the company on the same terms as the gold and silver loans from Paul Tustain. At the balance sheet date the amount due to Paul Tustain's pension scheme in respect of gold and silver loans was £352,000 (2010 - £279,000).

During the year the company paid dividends totalling £41,273 (2010 - £45,000) to Paul Tustain.

GALMARLEY LIMITED
TRADING AS BULLIONVAULT.COM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011

22 Share based payment

During the year ended 31 October 2006, the company established a government approved share options scheme known as Company Share Options Plans (CSOP).

The option scheme is described below:

Type of arrangement	Company Share Option Plan	Company Share Option Plan
Date of grant	29 July 2006	7 December 2007
Number granted	16,000	3,890
Contractual life	10 years	10 years

The estimated fair value at the date of grant of each share option granted, based on a Directors valuation taking into account the factors at the date of grant as required by FRS 20 Share Based payment, was £nil.

	2011	2011	2010	2010
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at start of year	13,890	15.60	19,890	13.91
Granted	-	-	-	-
Exercised	1,459	30.00	6,000	10.00
Outstanding at end of year	12,431	13.91	13,890	15.60
Exercisable at end of year	8,800	10.00	4,400	10.00

The options granted on 29 July 2006 have an exercise price of £10, and as at the balance sheet date the remaining contractual life is 5 years. The options can be exercised in stages, and no options were exercised during the year. At the year end 8,800 options could be exercised and the final 1,200 options can be exercised from 31 July 2012. For these options, the last possible exercise date is 30 June 2016.

The options granted on 7 December 2007 have an exercise price of £30 and as at the balance sheet date have a remaining contractual life of 7 years. The options can be exercised in stages, and 1,459 options were exercised during the year. The remaining stages allow for 1,070 options to be exercised from 31 December 2011, a further 1,070 to be exercised from 31 December 2012 and the final 291 options to be exercised from 31 December 2013. For these options, the last possible exercise date is 31 December 2017. Therefore, none of these options are capable of exercise at the balance sheet date.