GOLD BULLION SECURITIES LIMITED

Registered No: 87322

Report and Financial Statements for the Year ended 31 December 2013

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MANAGEMENT AND ADMINISTRATION

Directors

Mr Graham J Tuckwell – Chairman
Mr Graeme D Ross
Mr Joseph L Roxburgh
Mr Mark K Weeks

Administrator and Company Secretary

R&H Fund Services (Jersey) Limited
Ordnance House
PO Box 83
31 Pier Road
St Helier
Jersey, JE4 8PW

Registered Office

Ordnance House
31 Pier Road
St Helier
Jersey, JE4 8PW

Registrar

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey, JE1 1ES

Manager

ETFS Management Company (Jersey) Limited
Ordnance House
31 Pier Road
St Helier
Jersey, JE4 8PW

Custodian

HSBC Bank USA, NA
London Branch
8 Canada Square
London, E14 5HQ
United Kingdom

Auditor

Deloitte LLP
Lord Coutanche House
66-68 Esplanade
St Helier
Jersey, JE4 8WA

Trustee

The Law Debenture Trust Corporation plc
Fifth Floor
100 Wood Street
London, EC2V 7EX
United Kingdom

Jersey Legal Advisers

Mourant Ozannes
22 Grenville Street
St Helier
Jersey, JE4 8PX

The directors of Gold Bullion Securities Limited ("GBS" or the "Company") submit herewith the annual report and financial statements of the Company for the year ended 31 December 2013.

Directors

The names and particulars of the directors of the Company during and since the end of the financial year are:

Mr Graham J Tuckwell - Chairman	
Mr Graeme D Ross	
Mr Joseph L Roxburgh	
Mr Craig A Stewart	(resigned 21 June 2013)
Mr Mark K Weeks	(appointed 21 June 2013)

Directors' Interests

The following table sets out the only director's interests in Ordinary shares as at the date of this report:

Director	***Ordinary Shares of Nil Par Value***
Graham J Tuckwell	100
(as controlling party of ETF Securities Limited ("ETFSL"))	

Principal Activities

The Company's principal activity is the listing and issue of gold bullion securities ("Gold Securities"). These securities allow investors to gain exposure to gold without needing to take physical delivery of bullion. It also allows investors to buy and sell that interest through the trading of a security on the London Stock Exchange and any other exchange to which that security may be admitted to trading from time to time.

A Gold Security is a secured, undated zero coupon note of the Company, constituted by a trust instrument, with a face value of USD 0.00001. Under the terms of this instrument the Trustee ensures that the Gold Security is secured on an amount of bullion equivalent to the gold entitlement of each Gold Security on any given date. This bullion is held in custody by designated custodians or its sub-custodians and the subject of fixed charges in favour of the Trustee. Bullion, once deposited, may only be removed after approval from the Trustee.

A holder of a Gold Security is entitled to require the redemption of that Gold Security and receive an amount of gold bullion equal to the gold entitlement on the date of redemption (and subject to applicable redemption fees). This redemption may occur:

- through an appropriate counterparty;
- through a transfer of physical Gold Bullion to the Security Holders' own allocated bullion account; or
- through a purchase of gold coins from the Royal Mint by utilising a facility entered into between the Royal Mint and ETFS Management Company (Jersey) Limited ("ManJer").

The Company earns a management fee by reducing the gold entitlement on a daily basis by an agreed amount (the "Gold Sales Charge" or "Management Fee"). The Gold Sales Charge is received in the form of bullion on a monthly basis following agreement from the Trustee.

The Company has entered into a service agreement with ManJer, whereby ManJer is responsible for advisory or consultancy services required by the Company, including advertising and all costs relating to the listing and issuance of securities. In return for these services, the Company pays ManJer an amount equal to the Management Fee (as described above) which is received by the Company less any fees and expenses which are incurred directly by the Company and the creation and redemption fees. As a result, bullion in respect of the Management Fee and creation and redemption fees are transferred directly to ManJer and there are no cash or bullion flows through the Company.

Review of Operations

The Gold Securities are listed on the London Stock Exchange, the Deutsche Börse, the Borsa Italia and the NYSE Euronext Paris. The most recent rollover prospectus was issued on 28 August 2012.

As at 31 December 2013, the Company had 32,515,922 (2012: 46,337,059) Gold Securities in issue, with assets under management of GBP 2,272.9 million (2012: GBP 4,605.0 million). The Company recognises its assets (Gold Bullion) and liabilities (Gold Securities) at fair value in the Statement of Financial Position.

During the year, the Company generated income from Management Fees and creation and redemption fees as follows:

	2013 GBP	2012 GBP
Creation and Redemption Fees	68,057	73,776
Management Fees	14,709,293	17,695,197
Total Fee income	14,777,350	17,768,973

Under the terms of the service agreement with ManJer, the Company accrued expenses equal to its income less its own administrative expenses, resulting in an operating result for the year of GBP Nil (2012: GBP Nil).

The gain or loss on Gold Securities and Gold Bullion is recognised in the Statement of Profit or Loss and Other Comprehensive Income in line with the Company's accounting policy.

The Company adopted IFRS 13 during the year ended 31 December 2013. IFRS 13 requires the Company to utilise the available market price for the Gold Securities as quoted on the open market in valuing the Gold Securities at the reporting date.

The Company holds Gold Bullion to support the Gold Securities as determined by the Metal Entitlement (which is calculated in accordance with an agreed formula published in the prospectus). Gold Bullion is marked to fair value using the latest quote provided by the London Bullion Market Association ("LBMA"). The Company has contractual obligations to trade with certain counterparties in respect of the Gold Securities at set prices on each trading day. These prices are based on an agreed formula published in the prospectus, and are equal to the published net asset value ("NAV") of the Gold Securities.

As a result of the difference in valuation methodology between Gold Bullion and Gold Securities there is a mis-match between accounting values, and the results of the Company reflect a gain or loss on the difference between the agreed formula price of the Gold Bullion and the market price of Gold Securities. This gain or loss would be reversed on a subsequent redemption of the Gold Securities and cancellation of the equivalent Gold Bullion. This is presented in more details in note 8 of these financial statements.

The Company's exposure to risk is discussed in note 12 to the financial statements.

Future Developments

The board of directors (the "board") are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached financial statements.

Dividends

There were no dividends declared or paid in the current or previous year. It is the Company's policy that dividends will only be declared when the directors are of the opinion that there are sufficient distributable reserves.

Country and Currency Risk

The directors do not consider the Company to have a significant exposure to risk relating to country and currency risk arising from the current economic uncertainties facing a number of countries around the world.

Each Gold Security is a debt instrument whose redemption price is linked directly to the price of the relevant underlying bullion. The Gold Securities are issued under limited recourse arrangements whereby the holders have recourse only to the value of the bullion and not to the Company. In addition, since any such price movements are wholly attributable to the Gold Security holders, the Company has no residual exposure to price movements of the bullion. From a commercial perspective the gains or losses on the liability represented by the Gold Securities are matched economically by losses or gains attributable to the Gold Bullion (see detail above regarding the accounting mis-match). The Company does not retain any net gains or losses or net risk exposure. Further details surrounding the value of Gold Securities and the Gold Bullion are disclosed in note 12.

Movements in the price of the underlying bullion, and thus the value of the Gold Securities, may vary widely which could have an impact on the demand for the Gold Securities issued by the Company. These movements are shown in notes 7 and 8.

Employees

The Company does not have any employees. It is the Company's policy to use the services of specialist subcontractors or consultants as far as possible.

Directors' Remuneration

No director has a service contract with the Company and details of the directors' remuneration which has been paid by ManJer on behalf of the Company for the year is disclosed below.

	2013 Fees GBP	**2012 Fees GBP**
Mr Graham J Tuckwell	Nil	Nil
Mr Graeme D Ross	7,500	7,500
Mr Craig A Stewart	3,750	7,500
Mr Thomas K Quigley	Nil	Nil
Mr Joseph L Roxburgh	Nil	Nil
Mr Mark Weeks	Nil	Nil

Auditor

A resolution to reappoint Deloitte LLP as the auditor of the Company will be proposed at the next meeting of the directors.

Corporate Governance

There is no standard code of corporate governance in Jersey. The operations, as previously described in the directors' report, are such that the directors do not consider the Company is required to voluntarily apply the UK Corporate Governance Code.

As the board is small there is no nomination committee and appointments of new directors are considered by the board as a whole. The board does not consider it appropriate that directors should be appointed for a specific term. Furthermore the structure of the board is such that it is considered unnecessary to identify a senior non-executive director.

The constitution of the board is disclosed above. The directors are either members of the board of the ultimate parent company, ETFSL, employees within the ETFSL group or members of the board of the Company's Administrator, R&H Fund Services (Jersey) Limited, and will continue to have such a composition of directors beyond the next meeting of the directors.

The board of directors meets regularly to consider matters specifically reserved for its review. Further meetings will be held as required by the operations of the Company.

Internal Control

During the year the Company did not have any employees or subsidiaries, and there is no intention that this will change. The Company, being a special purpose company established for the purpose of issuing Gold Securities, has not undertaken any business, save for issuing and redeeming Gold Securities, entering into the documents and performing the obligations and exercising its rights in relation thereto, since its incorporation. The Company does not intend to undertake any business other than issuing and redeeming Gold Securities and performing the obligations and exercising its rights in relation thereto.

The Company is dependent upon ManJer to provide management and administration services to it. ManJer is licensed under the Financial Services (Jersey) Law 1998 to conduct classes U, V and Z of Fund Services Business to conduct the regulated activities. ManJer was classified as a Managed Entity under Jersey regulation and was reliant upon R&H Fund Services (Jersey) Limited ("R&H"), a regulated service provider in Jersey, for the provision of additional management services under the Manager of a Managed Entity ("MoME") regime. The MoME Agreement between ManJer and R&H was terminated during the year ended 31 December 2013 such that ManJer is no longer reliant upon R&H for the provision of those additional management services. However ManJer continues to outsource the administration services in respect of the Company to R&H. Documented contractual arrangements are in place with the Manager and the Administrator which define the areas where the authority is delegated to them. The performance of the Manager and Administrator are reviewed on an ongoing basis by the board of the ultimate parent company, ETF Securities Limited, through their review of periodic reports and quarterly management accounts of the Company

ManJer promotes and provides management and other services to both the Company and other companies issuing commodity based securities.

The board, having reviewed the effectiveness of the internal control systems of the Manager and R&H, and having a regard to the role of its external auditors, does not consider that there is a need for the Company to establish its own internal audit function.

Audit Committee

The board has not established a separate audit committee; instead the board meets to consider the financial reporting by the Company, the internal controls, and relations with the external auditors. In addition the board reviews the independence and objectivity of the auditors.

Mr Joseph L Roxburgh
Director
Jersey
18 March 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board. The financial statements are required by law to 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.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that 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 (Jersey) Law 1991. 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.

By order of the board

Mr Joseph L Roxburgh
Director

18 March 2014

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Gold Bullion Securities Limited for the year ended 31 December 2013 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities, 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 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 annual 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.

Opinion on 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 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as issued by the International Accounting Standards Board; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Andrew Isham, BA, FCA
For and on behalf of Deloitte LLP
Chartered Accountants and Recognized Auditor
St. Helier, Jersey
19 March 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 December 2013 GBP	2012 GBP
Revenue	3	14,777,350	17,768,973
Expenses	3	(14,777,350)	(17,768,973)
Operating Result	3	-	-
Net (Loss)/Gain Arising on Contractual and Fair Value of Gold Bullion	7	(1,194,241,803)	103,493
Net Gain/(Loss) Arising on Fair Value of Gold Securities	8	1,193,772,910	(103,493)
Result and Total Comprehensive Income for the Year		(468,893)	-
[1] Adjustment from Market Value to Contractual Formula Price (as set out in the Prospectus) of Gold Securities	2	468,893	-
Adjusted Result and Total Comprehensive Income for the Year	8	-	-

The directors consider the Company's activities as continuing.

[1] The definition of non-statutory adjustments is set out on page 15. This represents the difference between the agreed formula price of the Gold Bullion and the market price of Gold Securities.

The notes on pages 12 to 22 form part of these financial statements

STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2013 GBP	As at 31 December 2012 GBP
Current Assets			
Cash and Cash Equivalents		102,668	102,836
Gold Swing Bar	5	312,607	442,608
Trade and Other Receivables	6	861,792	1,649,472
Amounts Receivable on Securities Awaiting Settlement	8	1,179,289	-
Gold Bullion	7	2,272,881,793	4,604,988,100
Total Assets		2,275,338,149	4,607,183,016
Current Liabilities			
Gold Securities	8	2,273,350,686	4,604,988,387
Amounts Payable on Bullion Awaiting Settlement	7	1,179,289	-
Trade and Other Payables	9	1,177,067	2,094,629
Total Liabilities		2,275,707,042	4,607,083,016
Equity			
Share Capital	10	100,000	100,000
Revaluation Reserve		(468,893)	-
Total Equity		(368,893)	100,000
Total Equity and Liabilities		2,275,338,149	4,607,183,016

The financial statements on pages 8 to 22 were approved by the board of directors and signed on its behalf on 18 March 2014.

Joseph L Roxburgh
Director

STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2013	**2012**
	GBP	**GBP**
Operating Result for the Year	-	-
Non Cash Movement Due to Revaluation of Bullion	130,001	(3,858)
	130,001	(3,858)
Changes in Operating Assets and Liabilities		
Decrease/(Increase) in Receivables	787,680	(243,493)
(Decrease)/Increase in Payables	(917,759)	248,513
Cash (Used in)/Generated from Operations	(130,079)	1,162
Cash Flows from Financing Activities		
(Decrease)/Increase in Undated Zero Coupon Notes	(90)	28
Net Cash (Used in)/Generated from Financing Activities	(90)	28
Net (Decrease)/Increase in Cash and Cash Equivalents	(168)	1,190
Cash and Cash Equivalents at the Beginning of the Year	102,836	101,646
Net (Decrease)/Increase in Cash and Cash Equivalents	(168)	1,190
Cash and Cash Equivalents at the End of the Year	102,668	102,836

Gold Securities are issued or redeemed by receipt/transfer of bullion and have been excluded in the Statement of Cash Flows.

STATEMENT OF CHANGES IN EQUITY

	Note	Stated Capital USD	Share Premium GBP	Retained Earnings GBP	Revaluation Reserve GBP	Total Equity GBP	Adjusted Total Equity GBP
Opening Balance at 1 January 2012		100	99,900	-	-	100,000	100,000
Result and Total Comprehensive Income for the Year		-	-	-	-	-	-
Balance at 31 December 2012		100	99,900	-	-	100,000	100,000
Opening Balance at 1 January 2013		100	99,900	-	-	100,000	100,000
Result and Total Comprehensive Income for the Year		-	-	(468,893)	-	(468,893)	(468,893)
Transfer to Revaluation Reserve	8	-	-	468,893	(468,893)	-	-
[2] Adjustment from Market Value to Contractual Formula Price (as set out in the Prospectus) of Gold Securities	8	-	-	-	-	-	468,893
Balance at 31 December 2013		100	99,900	-	(468,893)	(368,893)	100,000

[2] The definition of non-statutory adjustments is set out on page 15. This represents the difference between the agreed formula price of the Gold Bullion and the market price of Gold Securities.

The notes on pages 12 to 22 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

ETFS Gold Bullion Securities Limited (the "Company") is a company incorporated in Jersey. The address of the registered office is Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW.

The ETF Securities Group, of which the Company is a part, specialises in the development and issuance of Exchange Traded Products ("ETPs"). ETPs are transparent securities designed to ensure the price of the securities issued tracks the net asset value of the underlying commodity, index or currency while providing market liquidity for the investor.

The purpose of the Company is to provide a vehicle that permits trading of the Gold Securities, not to make gains from trading in the underlying Gold Bullion. The Securities are issued under limited recourse arrangements whereby the Company has no residual exposure to price movements of the Gold Bullion, therefore from a commercial perspective gains and losses in respect of Gold Bullion will always be offset by an equal and opposite loss or gain on the Gold Securities. Further details regarding the risks of the Company are disclosed in note 12.

ETPs typically are not actively managed, are significantly lower in cost when compared to actively managed mutual funds and are easily accessible to investors. No trading of Gold Bullion is required of the Company because the Company only holds Gold Bullion to hedge the exposure of the Company under the Gold Securities.

The Company is entitled to:

(1) management and licence fees which are calculated by applying a fixed percentage to the market value of debt securities in issue on a daily basis (according to each Security prospectus); and
(2) creation and redemption fees on the issue and redemption of the securities.

No management and licence fees, nor creation and redemption fees are payable when investors trade in the Securities on a listed market such as the London Stock Exchange.

The Company has entered into a service agreement with ETFS Management Company (Jersey) Limited ("ManJer"), whereby ManJer is responsible for advisory or consultancy services required by the Company, including advertising and all costs relating to the listing and issuance of securities. In return for these services, the Company pays ManJer an amount equal to the Management Fee charge levied by the Company on the Commodity Securities in issue and the Creation and Redemption Fees. As a result there are no operating profits or losses recognised through the Company.

2. Accounting Policies

The main accounting policies of the Company are described below.

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The presentation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial period. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The only key accounting judgement required to prepare these financial statements is in respect of the valuation of Gold Bullion and Gold Securities held at fair value through profit or loss as disclosed in notes 7 and 8. Actual results could vary from these estimates.

2. Accounting Policies (continued)

Accounting Standards

(a) Standards, amendments and interpretations effective on 1 January 2013:

The following new and revised Standards and Interpretations have been adopted in the current year which may have affected these financial statements. Details of other Standards and Interpretations adopted that have had no effect on these financial statements are set out in section (b).

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether the price is directly observable or estimated using another valuation technique. The impact of adoption of IFRS 13 has been described below.

The Company’s liability in respect of relates to its contractual obligations to trade with certain counterparties at set prices on each trading day. These prices are based on an agreed formula as set out in the prospectus, and are equal to the published NAV’s of each class of Gold Security. Therefore, historically the Gold Securities were classified as level 2 financial liabilities, as the Company’s liability was calculated using third party pricing sources supported by observable, verifiable inputs. Through the adoption of IFRS 13, the Company must utilise the available market price as the Gold Securities are quoted on the open market. As a result the Gold Securities were reclassified from Level 2 into Level 1.

In addition, the disclosure requirements in IFRS 13 are more extensive than those previously required, and include more detailed quantitative and qualitative disclosures based on the three-level fair value hierarchy covering all assets and liabilities within its scope. See note 8 for further details

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income
The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories:

a) items that will not be reclassified subsequently to profit or loss; and
b) items that will be reclassified subsequently to profit or loss when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments also introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1 the ‘statement of comprehensive income’ is renamed the ‘statement of profit or loss and other comprehensive income’ and the ‘income statement’ is renamed the ‘statement of profit or loss’.

2. Accounting Policies (continued)

Accounting Standards (continued)

(b) Standards, amendments and interpretations effective on 1 January 2013 but not relevant to the Company during the period:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 (as revised in 2011) Separate Financial Statements
- IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures
- Amendments to IFRS 10 Consolidated Financial Statements
- Amendments to IFRS 12 Disclosure of Interests in Other Entities
- Amendments to IAS 27 Consolidated and Separate Financial Statements
- Amendments to IFRS 11 (Joint Arrangements)
- IAS 19 (as revised in 2011) Employee Benefits
- Amendments to IAS 16 Property, Plant and Equipment issued as part of the annual improvements to IFRSs issued in 2009 – 2011
- Amendments to IAS 32 Financial Instruments: Presentation issued as part of the annual improvements to IFRSs issued in 2009 – 2011
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

(c) Standards, amendments and interpretations that are in issue but not yet effective:

The Company has not adopted the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9 Financial Instruments (as amended in 2009)
- IFRS 9 Financial Instruments (as amended in 2010)
- IFRS 9 Financial Instruments (as amended in 2013) (hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)
- Amendments to IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014)
- IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014)
- IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014
- Annual Improvements to IFRS (effective for annual periods beginning on or after 1 July 2014)
- IFRIC 21 Levies (effective for annual periods beginning on or after 1 January 2014)

The directors do not expect the adoption of the standards, amendments and interpretations that are in issue but not yet effective listed above will have a material impact on the financial statements of the Company in future periods. Beyond the information above it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

The directors have considered other standards and interpretations in issue but not effective and concluded that they would not have a material impact on the future financial periods when they become available.

Going Concern

The nature of the Company's business dictates that the outstanding Gold Securities may be redeemed at any time by the holder and in certain circumstances may be redeemed by the Company. As the redemption of Gold Securities will always coincide with the payment of an equal amount (in value) of Gold Bullion, no liquidity risk is considered to arise. All other liabilities are met by ManJer; therefore the directors consider the Company to be a going concern and have prepared the financial statements on this basis.

2. Accounting Policies (continued)

Gold Securities

i) Issuance and Redemption

The Company has entered into a Trust Instrument with The Law Debenture Trust Corporation plc ("Law Debenture") to permit the Company to issue Gold Securities. The conditions of issue are set out in the Trust Instrument. Each time a Gold Security is issued or redeemed by the Company a matching amount of Gold Bullion is transferred into or from the relevant secured account held by the Custodian.

Financial liabilities are recognised and de-recognised on the trade date.

ii) Pricing

Gold Securities are priced on a daily basis based on the Gold Entitlement of each class of security and the value of the Bullion using the appropriate fixing price from the London Bullion Market Association ("LBMA").

The Gold Securities have been valued using the market price as a result of the adoption of IFRS 13 during the year ended 31 December 2013. IFRS 13 requires the Company to utilise the available market price as the Gold Securities are quoted on the open market. Consequently differences arising in the pricing of Gold Securities are included in the statement of financial position and the statement of profit or loss and total comprehensive income in order to fair value the liability. The cumulative differences between the actual settlement value of the Gold Securities and the fair value are presented as a non-statutory movement entitled 'Adjustment from Market Value to Contractual Formula Price (as set out in the prospectus) of Gold Securities'.

As the adoption of IFRS 13 is not retrospective, the comparatives for the year ended 31 December 2012 have not been restated. In the year ended 31 December 2012 the Gold Securities were priced using the appropriate fixing price from the LBMA, in accordance with IAS 39. This allowed gains and losses in respect of Bullion to be offset by an equal and opposite loss or gain on the Securities.

iii) Designation at fair value through Profit or Loss

The Gold Securities in issue are designated at fair value through the profit or loss upon initial recognition. This is in order to eliminate the measurement mismatch with Gold Bullion enabling gains or losses on both the Gold Security and Gold Bullion to be recorded in the Statement of Profit or Loss and Other Comprehensive Income.

Gold Bullion and Gold Securities Awaiting Settlement

The issue and redemption of Gold Securities, and the transfer in and out of Gold Bullion, is accounted for on the trade date ("T"). Where settlement pricing is applied, the trade will not settle until T+3. Where trades are awaiting settlement at the year end, the monetary amount due to be settled is separately disclosed within the relevant assets and liabilities on the Statement of Financial Position.

Gold Swing Bar

The Gold Swing Bar is denominated in gold ounces and marked to fair value at the year end with movements recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Gold Bullion

The Company holds Gold Bullion equal to the amount due to holders of Gold Securities solely for the purpose of meeting its obligations under the Gold Securities. The Gold Bullion held is marked to fair value and movements are recorded in the Statement of Profit or Loss and Other Comprehensive Income.

The fair value is calculated using the latest quote provided by the LBMA.

2. Accounting Policies (continued)

Revenue Recognition

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

Fees received for the issue and redemption of securities are recognised at the date on which the transaction becomes legally binding. All other income and expenses are recognised on an accruals basis.

Loans and Receivables

The loans and receivables are non-derivative financial assets with a fixed payment amount and are not quoted in an active market. After initial measurement the loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Gains and losses on loans and receivables which are impaired are recognised immediately through profit or loss.

Gold Bullion Receivable and Payable

Management fees receivable are accrued by applying a fixed percentage to the market value of debt securities in issue on a daily basis. These fees are receivable in Gold Bullion, recorded at fair value at the Statement of Financial Position date using the latest quote provided by the LBMA. Movements in fair value are recognised through profit or loss.

Management fees payable are also accrued based on the income accrued in accordance with the agreement with ManJer. These fees (relating to management fees received) are payable in Gold Bullion, and recorded at fair value at the Statement of Financial Position date using the latest quote provided by the LBMA. Movements in fair value are recognised through profit or loss.

Interest Income

Interest income is recognised on an accruals basis.

Cash and Cash Equivalents

Cash and cash equivalents include deposits held on call with banks.

Foreign Currency Translation

The financial statements of the Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in British Pounds, which is the functional currency of the Company, and the presentational currency of the financial statements.

Monetary assets and liabilities denominated in foreign currencies at the year end date are translated at rates ruling at that date. Creation and Redemption fees are translated at the average rate for the quarter in which they are incurred. The resulting differences are accounted for through profit or loss.

Segmental Reporting

The Company has not provided segmental information as the Company has only one business or product group, issuing Gold Securities, and one geographical segment which is UK and Europe. All information relevant to the understanding of the Company's activities is included in these financial statements.

3. Operating Result

Operating result for the year comprised:

	Year ended 31 December	
	2013	**2012**
	GBP	**GBP**
Creation and Redemption Fees	68,057	73,776
Management Fees	14,709,293	17,695,197
Total Revenue	14,777,350	17,768,973
Management Fees to ManJer	14,776,994	(17,767,443)
Net Finance Charges	-	(135)
Net Foreign Exchange Gain / (Loss)	(356)	(1,395)
Total Operating Expenses	14,777,350	(17,768,973)
Operating Result	-	-

Audit fees for the year of GBP 12,500 will be met by ManJer (2012: GBP 12,775).

4. Taxation

The Company is subject to Jersey Income Tax. The Jersey Income Tax rate for the foreseeable future is zero percent.

5. Gold Swing Bar

The Company has a loan facility with HSBC Bank USA, N.A. giving the Company the rights, interest and title to a gold bar. The 430 (2012: 430) ounce gold bar held by the Company was held for the purpose of facilitating the allocation of gold to holders of Gold Securities. The gold is recorded at market value using the last quote provided by the LBMA being the AM fix rate on 31 December 2013 of GBP 726.992 per oz. (2012: GBP 1,029.32 per oz.). The loan is denominated in gold ounces and marked to fair value at the year end with movements recognised in the Statement of Profit or Loss and Other Comprehensive Income. The loan is repayable on demand. The Company intends to maintain the loan as long as the Company continues to operate.

6. Trade and Other Receivables

	As at 31 December	
	2013	**2012**
	GBP	**GBP**
Management Fees	843,377	1,624,732
Creation and Redemption Fees	18,415	24,740
	861,792	1,649,472

7. Gold Bullion

	As at 31 December	
	2013	**2012**
	GBP	**GBP**
Change in Fair Value for the Year	(1,194,241,803)	103,493
Fair Value of Gold Bullion Held	2,272,881,793	4,604,988,100

As at 31 December 2013, there were certain amounts of Bullion awaiting the creation or (redemption) of securities with trade dates before the year end and settlement dates in the following year. The amount receivable or (payable) on completion of these trades is (GBP 1,179,289) (2012: GBP Nil).

All Gold Bullion assets have been valued using the AM fix on 31 December 2013 as quoted by the LBMA being the last fix price available for the year.

8. Gold Securities in Issue

Whilst the Gold Securities are quoted on the open market, the Company's liability relates to its contractual obligations to trade with certain counterparties at set prices on each trading day. These prices are based on an agreed formula, and are equal to the published NAVs of each class of Gold Security. Therefore, the actual contractual issue and redemption of Gold Securities occur at a price that fully match gains or losses on the Gold Bullion. As a result the Company has no net exposure to gains or losses on the Gold Securities and Gold Bullion.

Through to the adoption of IFRS 13 from 1 January 2013, the Company now needs to measure the Gold Securities at their transferable value rather than their settlement value. The transferable value is deemed to be the prices quoted on stock exchanges or other markets where the Gold Securities are listed or traded. This application is prospective and is treated as a change in accounting estimate and recognised in profit or loss. However Gold Bullion continues to be valued based on the agreed formula (which is equal to the published NAVs of each class of Gold Security). The market price of Gold Securities is a function of supply and demand amongst investors wishing to buy and sell Gold Securities and the bid-offer spread that the market makers are willing to quote.

The fair values and changes thereof during the year based on prices available on the open market as recognised in the financial statements are:

	As at 31 December	
	2013	**2012**
	GBP	**GBP**
Change in Fair Value for the Year	1,193,772,910	(103,493)
Fair Value of Gold Securities	2,273,350,686	4,604,988,100

The contractual redemption values and changes thereof during the year based on the contractual settlement values are:

	As at 31 December	
	2013	**2012**
	GBP	**GBP**
Change in Contractual Redemption Value for the Year	1,194,241,803	(103,493)
Gold Securities at Contractual Redemption Value	2,272,881,793	4,604,988,100

8. Gold Securities in Issue (continued)

The overall impact is that through the mis-matched accounting values, the results of the Company reflect a gain or loss on the difference between the agreed formula price of the Gold Bullion and the market price of Gold Securities. This gain or loss would be reversed on a subsequent redemption of the Gold Securities and cancellation of the equivalent Gold Bullion. This gain or loss has been transferred to a Revaluation Reserve which is non-distributable. The mismatched accounting values are as shown below and represent the non-statutory adjustment presented on the statement of profit or loss and other comprehensive income:

	Year Ended 31 December 2013 GBP	Year Ended 31 December 2012 GBP
Net (Loss)/Gain Arising on Contractual and Fair Value of Gold Bullion	(1,194,241,803)	103,493
Net Gain/(Loss) Arising on Contractual Redemption Value of Gold Securities	1,193,772,910	(103,493)
	(468,893)	-

As at 31 December 2013, there were certain amounts of Gold Securities awaiting the (creation) or redemption of securities with trade dates before the year end and settlement dates in the following year. The amount (receivable) or payable on completion of these trades is (GBP 1,179,289) (2012: GBP Nil).

Gold Securities are secured, undated zero coupon notes with a face value of USD 0.00001. As at 31 December 2013, there were 32,515,922 (2012: 46,337,059) Gold Securities outstanding, with a face value, in aggregate, of GBP 196 (2012: GBP 287).

9. Trade and Other Payables

	As at 31 December	
	2013 GBP	2012 GBP
Management Fees Payable to ManJer	864,460	1,650,629
Trade and Other Payables	-	1,392
Gold Loan	312,607	442,608
	1,177,067	2,094,629

10. Share Capital

	As at 31 December	
	2013 GBP	2012 GBP
100 Shares of GBP 1 Each, Issued at GBP 1,000 Each	100,000	100,000

The Company has an Authorised capital of 10,000 Ordinary shares of £1 each.

All shares issued by the Company carry one vote per share without restriction and carry the right to dividends. All shares are held by ETFS Holdings (Jersey) Limited (“HoldCo”).

11. Related Party Disclosures

Entities and individuals which have a significant influence over the Company, either through the ownership of HoldCo shares, or by virtue of being a director of the Company, are related parties.

Management Fees paid to ManJer during the year:

	Year ended 31 December	
	2013	**2012**
	GBP	**GBP**
Management Fees	14,776,994	17,767,443

The following balances were due to ManJer at the year end:

	As at 31 December	
	2013	**2012**
	GBP	**GBP**
Management Fees Payable	864,460	1,650,629

As disclosed in the Directors' Report, ManJer paid directors' fees in respect of the Company of GBP 11,250 (2012: GBP 15,000).

Graeme D Ross and Craig A Stewart are directors of R&H Fund Services (Jersey) Limited ("R&H"), the administrator. During the year, R&H charged ManJer secretarial and administration fees in respect of the Company of GBP 21,500 (2012: GBP 37,500), of which GBP 5,375 (2012: GBP 9,375) was outstanding at the year end.

Craig A Stewart was appointed as director of ManJer on 18 July 2013. Graeme D Ross was a director of ManJer until 21 June 2013.

Graham J Tuckwell is also a director of ETFSL, ManJer and HoldCo.

12. Financial Risk Management

The Company is exposed to a number of risks arising from its activities. The risk management policies employed by the Company to manage these are discussed below.

(a) Credit Risk

Credit risk is the risk of loss due to the failure of counterparty to satisfy its obligations. Credit risk is managed by the Company by only dealing with authorised participants who are believed to be creditworthy. In the event the authorised participants fail to complete their obligation, no securities will be created therefore the Company does not have the risk of loss of the amount expected to be received.

Credit risk also includes custodial risk. The custodian is not required to take out insurance and neither is the Trustee. Accordingly, there is a risk that the secured Gold could be lost stolen or damaged and the Company would not be able to satisfy its obligations in respect of the Gold Bullion Securities.

(b) Liquidity Risk

When the Gold Securities are redeemed, the Company returns the corresponding amount of Gold Bullion determined by the Gold Entitlement. The market value of the Gold Bullion returned will always be the same as that of the securities being redeemed. Therefore, any redemption of securities would not impact the liquidity of the Company.

12. Financial Risk Management (continued)

(c) Sensitivity Analysis

IFRS 7 requires disclosure of "a sensitivity analysis" for each type of market risk to which the entity is exposed to at the reporting date, showing how profit and loss and equity would have been affected by a reasonably possible change to the relevant risk variable.

The Company's rights and liability in respect of Gold Bullion and Gold Securities, respectively, relates to its contractual obligations to trade with certain counterparties at set prices on each trading day. As a result the Company's contractual and economic liability in connection with the issue of Gold Securities is matched by movements in corresponding Gold Bullion. Consequently, the Company does not have any net exposure to market price risk. Therefore, in the directors' opinion, no sensitivity analysis is required to be disclosed.

(d) Capital Management

The Company's principal activity is the listing and issue of Gold Securities. These securities are issued as demand requires. The Company holds a corresponding amount of Gold Bullion which exactly matches the total securities issued. ManJer supplied and arranged the supply of all administrative services to the Company and paid all management and administration costs of the Company, including Trustee and Custodian fees, in return for which the Company paid ManJer a fee equal to the Management Fee and creation and redemption fees charged to the Gold Securities. The Company is not subject to any capital requirements imposed by a regulator and there were no changes in the Company's approach to capital management during the year.

As all Gold Securities issued are supported by an equivalent amount of Gold Bullion held by the Custodian and the running costs of the Company were paid by ManJer, the directors of the Company consider the capital management and its current capital resources are adequate to maintain the ongoing listing and issue of Gold Securities.

(e) Settlement Risk

The directors believe that settlement risk would only be caused by the risk of the Company's trading counterparty not delivering cash or securities on the settlement date. The directors feel that this risk is mitigated as a result of the cash or securities settling through the CREST system. The system ensures that the transaction does not settle until both parties have fulfilled their sides of the bargain.

Amounts outstanding in respect of positions yet to settle are disclosed in notes 6 and 7.

(f) Market Risk

i) Price Risk
The Gold Securities bear no interest. The Company's liability is related to the Gold Bullion prices and is managed by the Company by holding Gold Bullion in exactly the same quantity as its liability. Therefore, the Company bears no financial risk from a change in the price of Gold Bullion. Refer to note 7 for the further details regarding fair values.

However, there is an inherent risk from the point of view of investors as the price of Gold Bullion and the value of the Gold Securities may vary widely. The market price of Gold Securities is a function of supply and demand amongst investors wishing to buy and sell Gold Securities and the bid or offer spread that the market makers are willing to quote. This is highlighted in note 8, and below under the Fair Value Hierarchy.

ii) Interest Rate Risk
The Company does not have significant exposure to interest rate risk since none of its assets or liabilities bear any interest.

iii) Currency Risk
The directors do not consider the Company to have a significant exposure to risk relating to currency risk arising from the current economic uncertainties facing a number of countries around the world as the gains or losses on the liability represented by the Gold Securities are matched economically by losses or gains attributable to the Gold Bullion.

12. Financial Risk Management (continued)

(g) Fair Value Hierarchy

The levels in the hierarchy are defined as follows:

- Level 1 – fair value based on quoted prices in active markets for identical assets.
- Level 2 – fair values based on valuation techniques using observable inputs other than quoted prices within level 1.
- Level 3 – fair values based on valuation techniques using inputs that are not based on observable market data.

Categorisation within the hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement of each relevant asset/liability.

The Company's liability in respect of Gold Securities relates to its contractual obligations to trade with certain counterparties at set prices on each trading day. These prices are based on an agreed formula, and are equal to the published NAV's of Gold Security. Therefore, historically the Gold Securities were classified as level 2 financial liabilities, as the Company's liability was calculated using third party pricing sources supported by observable, verifiable inputs. Through the adoption of IFRS 13 during the year ended 31 December 2013, the Company is required to utilise the available market price as the Gold Securities are quoted on the open market. As a result the Gold Securities were reclassified from Level 2 into Level 1 financial liabilities.

The Company holds Gold Bullion to support the Gold Securities as determined by the Metal Entitlement (which is calculated in accordance with an agreed formula published in the prospectus). Gold Bullion is marked to fair value using the latest quote provided by the LBMA. The Company has contractual obligations to trade with certain counterparties in respect of the Gold Securities at set prices on each trading day. These prices are based on an agreed formula published in the prospectus, and are equal to the published NAV of the Gold Securities. Therefore, Gold Bullion is classified as level 2 financial assets, as the Company's asset is calculated using third party pricing sources supported by observable, verifiable inputs.

The categorisation of the Company's assets and (liabilities) are as shown below:

	Fair Value	
	2013	**2012**
Level 1	**USD**	**USD**
Gold Securities	(2,273,350,686)	-
Level 2	**USD**	**USD**
Gold Bullion	2,272,881,793	4,604,988,100
Gold Securities	-	(4,604,988,387)

There are no liabilities classified in level 3.

Gold Bullion is not considered to be a financial asset; however, it has been presented here for purposes of consistency with prior periods and to show a matching between assets and liabilities.

13. Ultimate Controlling Party

The immediate parent company is HoldCo, a Jersey registered company. The ultimate controlling party is Graham J Tuckwell through his shareholding in ETFSL. ETFSL is the parent company of HoldCo.