



# **Gold Bullion Securities Limited**

**Registered No: 87322**

**Unaudited Interim Financial Report for the  
Six Months to 30 June 2017**

## Contents

---

Directors' Report	1-3
Statement of Directors' Responsibilities	4
Condensed Statement of Profit or Loss and Other Comprehensive Income	5
Condensed Statement of Financial Position	6
Condensed Statement of Cash Flows	7
Condensed Statement of Changes in Equity	8
Notes to the Condensed Interim Financial Statements	9-16

Directors' Report

The directors of Gold Bullion Securities Limited ("GBS" or the "Company") submit herewith the unaudited interim financial report and interim financial statements of the Company for the period ended 30 June 2017.

Directors

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

Graham J Tuckwell - Chairman  
 Christopher J M Foulds  
 Graeme D Ross (Resigned 7 December 2016)  
 Steven G Ross (Appointed 7 December 2016)  
 Joseph L Roxburgh

Directors' Interests

The following table sets out the directors' interest in Ordinary Shares as at the date of this report:

<i>Director</i>	<i>Ordinary Shares</i>
Graham J Tuckwell (as majority shareholder of ETF Securities Limited ("ETFSL"))	100

Principal Activities

During the period there were no significant changes in the nature of the Company's activities.

Review of Operations

The Gold Securities are listed on the London Stock Exchange, the Deutsche Börse, the Borsa Italia and NYSE Euronext Paris.

As at 30 June 2017, the Company had 34,638,174 (31 December 2016: 31,708,851) Gold Securities in issue, with assets under management of GBP 3,142.3 million (31 December 2016: GBP 2,837.9 million). The Company recognises its assets ("Gold Bullion") and financial liabilities ("Gold Securities") at fair value in the Condensed Statement of Financial Position.

During the period, the Company generated income from creation and redemption fees and management fees as follows:

	30 June 2017 GBP	30 June 2016 GBP
Creation and Redemption Fees	3,957	4,738
Management Fees	6,573,390	5,062,671
<b>Total Fee Income</b>	<b>6,577,347</b>	<b>5,067,409</b>

Under the terms of the service agreement with ETFS Management Company (Jersey) Limited ("ManJer"), the Company accrued expenses equal to its income less its own administrative expenses, resulting in an operating result for the period of GBP Nil (30 June 2016: GBP Nil).

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

**Review of Operations (continued)**

The Company holds Gold Bullion to support the Gold Securities as determined by the Gold 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 entered into contractual obligations to issue and redeem Gold Securities in exchange for Gold Bullion as determined by the Gold Entitlement on each trading day. The Gold Bullion in respect of each creation and redemption is recorded using the price published by the LBMA on the transaction date.

IFRS 13 requires the Company to identify the principal market and to utilise the available market price within that principal market. The directors consider that the stock exchanges where the Gold Securities are listed to be the principal market and as a result the fair value of the Gold Securities is the on-exchange price as quoted on those stock exchanges demonstrating active trading. 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 value of the Gold Bullion (through the application of the price provided by the LBMA against the Gold Entitlement referred to within this financial statements as the "Contractual Value") and the market price of Gold Securities. This gain or loss would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion. This is presented in more detail in note 7 to these interim financial statements.

**Future Developments***Referendum of the United Kingdom's ("UK's") membership of the European Union (the "EU Referendum")*

The EU referendum took place on 23 June 2016 and resulted in an overall vote to leave the European Union ("EU"). The British government invoked Article 50 of the Lisbon Treaty on 29 March 2017 which started the two-year period during which a leaving agreement is to be negotiated setting out the arrangements for the withdrawal and outlining the UK's future relationship with the EU. The exact process for the UK's withdrawal is uncertain, although it is generally expected to take longer than two years as this would require the renegotiation of treaties and agreements, together with legislation changes.

The Company is domiciled in Jersey, outside of the EU, and the Gold Securities are distributed in the EU under the EU Prospectus Directive which requires their offering to the public to be approved by an EU Member State regulator. To date, the Company has chosen the UK Financial Conduct Authority ("FCA") as its member state regulator for these purposes. A request is then made to the FCA, as the chosen Member State regulator, for the passporting of the offering across the EU, once again, under the Prospectus Directive.

It is currently expected that the Company would select an alternate EU Member State regulator through which to seek approval and request passporting for its offering. As the Gold Securities already comply with the European wide requirements of the Prospectus Directive, this is not expected to cause any disruption or alteration to the terms or nature of the Gold Securities.

The Gold Securities continue to comply with all applicable laws and regulations. Continued assessment of the impact will be required throughout the withdrawal process.

The board of (the "Board") are not aware of any other 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 interim financial statements.

**Dividends**

There were no dividends declared or paid in the current or previous period. 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.

**Directors’ Report (Continued)**

**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. The directors of the Company who are employees within the ETF Securities Group do not receive separate remuneration in their capacity as directors of the Company. R&H Fund Services (Jersey) Limited (“R&H” or the “Administrator”) receives a fee in respect of the directors of the Company who are employees of R&H.

The directors’ fees which have been paid by ManJer on behalf of the Company for the period:

	<b>30 June 2017</b>	<b>30 June 2016</b>
	<b>GBP</b>	<b>GBP</b>
Graham J Tuckwell	Nil	Nil
Christopher J M Foulds	Nil	Nil
Steven G Ross	4,000	Nil
Graeme D Ross	Nil	4,000
Joseph L Roxburgh	Nil	Nil

On behalf of the directors



**Joseph L Roxburgh**  
 Director  
 Jersey  
 30 August 2017

**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 period. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") 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 interim financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim financial statements; and
- prepare the interim 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 (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), the directors confirm that to the best of their knowledge that:

- the interim financial statements for the period ended 30 June 2017 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by law and in accordance with International Financial Reporting Standards as issued by the IASB; and
- the Directors' Report gives a fair view of the development of the Company's business, financial position and the important events that have occurred during the period and their impact on these interim financial statements.

By order of the Board



**Joseph L Roxburgh**

Director

30 August 2017

	Notes	Period ended 30 June	
		2017 Unaudited GBP	2016 Unaudited GBP
Revenue	2	6,577,347	5,067,409
Expenses	2	(6,577,347)	(5,067,409)
<b>Operating Result</b>		-	-
Net Gain Arising on Contractual and Fair Value of Gold Bullion	6	37,479,980	680,515,700
Net Loss Arising on Fair Value of Gold Securities	7	(49,933,154)	(696,808,139)
<b>Result and Total Comprehensive Income for the Period</b>		<b>(12,453,174)</b>	<b>(16,292,439)</b>
<sup>1</sup> Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities	1	12,453,174	16,292,441
<b>Adjusted Result and Total Comprehensive Income for the Period</b>		-	-

The directors consider the Company's activities as continuing.

<sup>1</sup> An explanation of the non-statutory adjustment is set out on page 11. This represents the movement in the difference between the Contractual Value of Gold Bullion and the market price of Gold Securities.

## Condensed Statement of Financial Position

		As at	
		30 June 2017	31 December 2016
	Notes	Unaudited GBP	Audited GBP
<b>Current Assets</b>			
Gold Swing Bar	4	411,630	405,309
Trade and Other Receivables	5	1,199,276	1,138,327
Gold Bullion	6	3,142,321,797	2,837,890,031
Amounts Receivable on Gold Bullion Awaiting Settlement	6	12,818,748	5,827,547
Amounts Receivable on Gold Securities Awaiting Settlement	7	19,549,016	6,708,367
<b>Total Assets</b>		<b>3,176,300,467</b>	<b>2,851,969,581</b>
<b>Current Liabilities</b>			
Gold Securities	7	3,141,162,809	2,824,277,869
Amounts Payable on Gold Securities Awaiting Settlement	7	12,818,748	5,827,547
Amounts Payable on Gold Bullion Awaiting Settlement	6	19,549,016	6,708,367
Trade and Other Payables	8	1,510,906	1,443,636
<b>Total Liabilities</b>		<b>3,175,041,479</b>	<b>2,838,257,419</b>
<b>Equity</b>			
Share Capital	9	100	100
Share Premium	10	99,900	99,900
Revaluation Reserve		1,158,988	13,612,162
<b>Total Equity</b>		<b>1,258,988</b>	<b>13,712,162</b>
<b>Total Equity and Liabilities</b>		<b>3,176,300,467</b>	<b>2,851,969,581</b>

The condensed interim financial statements on pages 5 to 16 were approved and authorised for issue by the board of directors and signed on its behalf on 30 August 2017.



**Joseph L Roxburgh**  
Director

	Period ended 30 June	
	2017 Unaudited GBP	2016 Unaudited GBP
<b>Operating Result for the Period</b>	-	-
Non Cash Movement Due to Revaluation of Gold Swing Bar	(6,321)	(114,725)
	<u>(6,321)</u>	<u>(114,725)</u>
<i>Changes in Operating Assets and Liabilities</i>		
Increase in Receivables <sup>2</sup>	(60,948)	(476,555)
Increase in Payables <sup>2</sup>	60,938	476,472
Increase in Gold Loan	6,321	114,725
Cash Generated from Operating Activities	<u>6,311</u>	<u>114,642</u>
<i>Cash Flows from Financing Activities</i>		
Increase/(Decrease) in Undated Zero Coupon Notes	10	83
Net Cash Flows from Financing Activities	<u>10</u>	<u>83</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<u>-</u>	<u>-</u>
Cash and Cash Equivalents at the Beginning of the Period	-	-
Net Decrease in Cash and Cash Equivalents	-	-
<b>Cash and Cash Equivalents at the End of the Period</b>	<u>-</u>	<u>-</u>

Gold Securities are issued or redeemed by transfer of Gold Bullion and have been netted off in the Statement of Cash Flows.

<sup>2</sup> The movement on receivables and payables balances were presented net in the interim financial statements for the period ended 30 June 2016, and have been adjusted such that they are presented gross, in order that the presentation is consistent with the period ended 30 June 2017.



	Notes	Stated Capital GBP	Share Premium GBP	Retained Earnings GBP	Revaluation Reserve <sup>3</sup> GBP	Total Equity GBP	Adjusted Total Equity GBP
Audited Opening Balance at 1 January 2016		100	99,900	-	2,661,018	2,761,018	100,000
Result and Total Comprehensive Income for the Period		-	-	(16,292,439)	-	(16,292,439)	(16,292,439)
Transfer to Revaluation Reserve		-	-	16,292,439	(16,292,439)	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities		-	-	-	-	-	16,292,439
<b>Unaudited Balance at 30 June 2016</b>		<b>100</b>	<b>99,900</b>	<b>-</b>	<b>(13,631,421)</b>	<b>(13,531,421)</b>	<b>100,000</b>
Unaudited Opening Balance at 1 July 2016		100	99,900	-	(13,631,421)	(13,531,421)	100,000
Result and Total Comprehensive Income for the Period		-	-	27,243,583	-	27,243,583	27,243,583
Transfer to Revaluation Reserve		-	-	(27,243,583)	27,243,583	-	-
<sup>3</sup> Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities		-	-	-	-	-	(27,243,583)
<b>Audited Balance at 31 December 2016</b>		<b>100</b>	<b>99,900</b>	<b>-</b>	<b>13,612,162</b>	<b>13,712,162</b>	<b>100,000</b>
Audited Opening Balance at 1 January 2017		100	99,900	-	13,612,162	13,712,162	100,000
Result and Total Comprehensive Income for the Period		-	-	(12,453,174)	-	(12,453,174)	(12,453,174)
Transfer to Revaluation Reserve	7	-	-	12,453,174	(12,453,174)	-	-
<sup>4</sup> Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities	7	-	-	-	-	-	12,453,174
<b>Unaudited Balance at 30 June 2017</b>		<b>100</b>	<b>99,900</b>	<b>-</b>	<b>1,158,988</b>	<b>1,258,988</b>	<b>100,000</b>

<sup>3</sup> This represents the difference between the Contractual Value of Gold Bullion and the market price of Gold Securities.

<sup>4</sup> An explanation of the non-statutory adjustment is set out on page 11.

The notes on pages 9 to 16 form part of these condensed interim financial statements

**1. Accounting Policies**

The main accounting policies of the Company are described below.

**Basis of Preparation**

The interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The interim 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 accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2016. The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2016.

The presentation of interim financial statements in conformity with International Financial Reporting Standards (“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. 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 interim 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 6 and 7. Actual results could vary from these estimates.

This half yearly report has not been audited or reviewed by the Company’s auditors.

**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. Generally only Security Holders who have entered into an authorised participant agreement with the Company (“Authorised Participant”) can submit applications and redemptions directly with the Company. As the redemption of Gold Securities would coincide with the transfer of an equal amount (in value) of Gold Bullion, no net liquidity risk is considered to arise. All other expenses of the Company are met by ETFS Management Company (Jersey) Limited (“ManJer”); therefore the directors consider the Company to be a going concern and have prepared the interim financial statements on this basis.

**Accounting Standards**

(a) *Standards, amendments and interpretations effective on 1 January 2017 and adopted in the period:*

In preparing the interim financial statements the Company has adopted all new or revised Standards, Amendments and Interpretations, including:

- IAS 7 Statement of Cash Flows (Disclosure Initiative).
- IAS 12 Income Taxes.
- IFRS 12 Disclosure of Interests in Other Entities (as part of the Annual Improvements to IFRS).

Of those Standards and Interpretations adopted in the current period, none have resulted in any significant effect on these interim financial statements.

**1. Accounting Policies (continued)***(b) New and revised standards, amendments and interpretations in issue but not yet effective:*

The Company has not applied the following new and revised Standards, Amendments and Interpretations that have been issued but are not yet effective:

- IFRS 2 Share-based Payments (effective for annual periods beginning on or after 1 January 2018).
- IFRS 4 Insurance Contracts (overlay approach to be applied when IFRS 9 is first applied, deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for three years after that date).
- IFRS 9 Financial Instruments (as amended in 2014) (effective for annual periods beginning on or after 1 January 2018).
- IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (no effective date set).
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018).
- IFRS 16 Leases (effective for annual periods beginning on or after 1 January 2019).
- IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2021).
- IAS 40 Investment Property (effective for annual periods beginning on or after 1 January 2018).
- Annual Improvements to IFRS.

The directors intend to adopt IFRS 9 for the period beginning on 1 January 2018. The directors have undertaken a preliminary assessment of the impact of adopting IFRS 9 and have concluded that there would be no impact on the amounts reported in respect of the Company's financial instruments. Disclosures in the financial statements will be amended as necessary to meet the requirements of the standard.

The directors do not expect the adoption of the remaining standards, amendments and interpretations that are in issue but not yet effective will have a material impact on the financial statements of the Company in future periods.

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.

**Segmental Reporting**

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker ("CODM") in order to allocate resources to the segments and to assess their performance. The CODM has been determined as the board of directors. A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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 Europe. In addition the Company has no single major customer from which greater than 10% of revenue is generated. All information relevant to the understanding of the Company's activities is included in these interim financial statements.

**1. Accounting Policies (continued)****Gold Securities**

## i) Issue 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 corresponding 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 transaction date.

## ii) Pricing

Gold Bullion is priced on a daily basis based on the Gold Entitlement of the Gold Securities and the value of Gold Bullion using the appropriate fixing price provided by the London Bullion Market Association (“LBMA”). This price is calculated based on the formula set out in the prospectus, and is referred to as the ‘Contractual Value’.

IFRS 13 requires the Company to identify the principal market and to utilise the available market price within that principal market. The directors consider that the stock exchanges where the Gold Securities are listed to be the principal market and as a result the fair value of the Gold Securities is the on-exchange price as quoted on those stock exchanges demonstrating active trading. The Gold Securities are priced using the mid-market price on the Statement of Financial Position date taken at the time the gold fix is set.

Consequently a difference arises between the value of Gold Bullion (at Contractual Value) and Gold Securities (at market value) presented in the Condensed Statement of Financial Position. This difference is reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion.

## iii) Designation at fair value through Profit or Loss

The Gold Securities comprise a financial instrument and are designated at fair value through profit or loss upon initial recognition. This is in order to enable gains or losses on both the Gold Securities and Gold Bullion to be recorded in the Condensed Statement of Profit or Loss and Other Comprehensive Income.

Through the mis-matched accounting values, the results of the Company reflect a gain or loss which represents the movement in the cumulative difference between the value of the Gold Bullion and the market price of Gold Securities. This gain or loss is transferred to a Revaluation Reserve which is non-distributable. The results of the Company are adjusted through the presentation of a non-statutory movement entitled ‘Adjustment from Market Value to Contractual Value (as set out in the Prospectus) of Gold Securities’.

**Gold Swing Bar**

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

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

## Notes to the Condensed Interim Financial Statements (Continued)

**2. Operating result**

Operating result for the period comprised:

	Period ended 30 June	
	2017 Unaudited GBP	2016 Unaudited GBP
Creation and Redemption Fees	3,957	4,738
Management Fees	6,573,390	5,062,671
<b>Total Revenue</b>	<b>6,577,347</b>	<b>5,067,409</b>
ManJer Fees	(6,577,347)	(5,067,409)
<b>Total Operating Expenses</b>	<b>(6,577,347)</b>	<b>(5,067,409)</b>
<b>Operating Result</b>	<b>-</b>	<b>-</b>

**3. Taxation**

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

**4. 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 (31 December 2016: 430) ounce gold bar is 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 published by the LBMA being the PM fix on 30 June 2017 of GBP 957.280 per oz (31 December 2016: AM fix of GBP 942.580 per oz). The loan is denominated in gold ounces and marked to fair value at the period end with movements recognised in the Condensed Statement of Profit of 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.

**5. Trade and Other Receivables**

	As at	
	30 June 2017 Unaudited GBP	31 December 2016 Audited GBP
Management Fees	1,096,047	1,028,735
Creation and Redemption Fees	3,043	9,407
Other Receivables	100,186	100,185
	<b>1,199,276</b>	<b>1,138,327</b>

The fair value of these receivables is equal to the carrying value.

## 6. Gold Bullion

	As at 30 June 2017 Unaudited GBP	31 December 2016 Audited GBP
Change in Fair Value for the Period/Year	<u>37,479,980</u>	<u>539,432,371</u>
Gold Bullion Held at Fair Value	<u><u>3,142,321,797</u></u>	<u><u>2,837,890,031</u></u>

As at 30 June 2017, there were certain amounts of Gold Bullion awaiting settlement in respect of the creation or redemption of Gold Securities with transaction dates before the period end and settlement dates in the following period:

- The monetary amount receivable a result of unsettled redemptions of Gold Securities is GBP 12,818,748 (31 December 2016: GBP 5,827,547).
- The monetary amount payable a result of unsettled creations of Gold Securities is GBP 19,549,016 (31 December 2016: GBP 6,708,367).

All Gold Bullion assets have been valued using the PM fix on 30 June 2017 as published by the LBMA being the last fix price available at the period end.

## 7. Gold Securities in Issue

Whilst the Gold Securities are quoted on the open market, the Company's liability relates to its contractual obligations to issue and redeem Gold Securities in exchange for Gold Bullion as determined by the Gold Entitlement on each trading day. The monetary value of each creation and redemption of Gold Securities recorded using the price provided by the LBMA on the transaction date, and is the "Contractual Value". Therefore, the issue and redemption of Gold Securities is recorded at a value that corresponds to the value of the Gold Bullion transferred in respect of the issue and redemption. As a result the Company has no net exposure to gains or losses on the Gold Securities and Gold Bullion.

The Company measures the Gold Securities at their market value in accordance with IFRS 13 rather than at the Contractual Value described above. The market value is deemed to be the prices quoted on stock exchanges or other markets where the Gold Securities are listed or traded. However Gold Bullion is valued based on the Gold Entitlement (which is calculated in accordance with an agreed formula published in the prospectus), and applying the latest quoted gold price published by the LBMA.

The fair values and movements in unrealised gains/losses during the period/year based on prices available on the open market as recognised in the financial statements are:

	As at 30 June 2017 Unaudited GBP	31 December 2016 Audited GBP
Change in Fair Value for the Period/Year	<u>(49,933,154)</u>	<u>(528,481,227)</u>
Gold Securities at Fair Value	<u><u>3,141,162,809</u></u>	<u><u>2,824,277,869</u></u>

## Notes to the Condensed Interim Financial Statements (Continued)

## 7. Gold Securities in Issue (continued)

The contractual redemption values and movements in unrealised gains/losses during the period/year based on the Contractual Values are:

	As at 30 June 2017 Unaudited GBP	31 December 2016 Audited GBP
Change in Contractual Value for the Period/Year	<u>(37,479,980)</u>	<u>(539,432,371)</u>
Gold Securities at Contractual Value	<u>3,142,321,797</u>	<u>2,837,890,031</u>

The gain or loss on the difference between the value of the Gold Bullion and the market price of Gold Securities would be reversed on a subsequent redemption of the Gold Securities and transfer of the corresponding Gold Bullion.

The mismatched accounting values are as shown below and represent the non-statutory adjustment presented in the Condensed Statement of Profit or Loss and Other Comprehensive Income:

	Period Ended 30 June 2017 Unaudited GBP	Year Ended 31 December 2016 Audited GBP
Net Gain Arising on Contractual and Fair Value of Gold Bullion	37,479,980	539,432,371
Net Loss Arising on Contractual Value of Gold Securities	(49,933,154)	(528,481,227)
	<u>(12,453,174)</u>	<u>10,951,144</u>

As at 30 June 2017, there were certain Gold Securities awaiting settlement in respect of creations or redemptions with transaction dates before the period end and settlement dates in the following period:

- The monetary amount payable as a result of unsettled redemptions of Gold Securities is GBP 12,818,748 (31 December 2016: GBP 5,827,547).
- The monetary amount receivable as a result of unsettled creations of Gold Securities is GBP 19,549,016 (31 December 2016: GBP 6,708,367).

Gold Securities are secured, undated zero coupon notes with a face value of USD 0.00001. As at 30 June 2017, there were 34,638,174 (31 December 2016: 31,708,851) Gold Securities outstanding, with a face value, in aggregate, of GBP 267 (31 December 2016: GBP 257).

## 8. Trade and Other Payables

	As at 30 June 2017 Unaudited GBP	31 December 2016 Audited GBP
ManJer Fees Payable	1,099,276	1,038,327
Gold Loan	411,630	405,309
	<u>1,510,906</u>	<u>1,443,636</u>

The fair value of these payables is equal to the carrying value.

**9. Stated Capital**

	As at	
	30 June 2017 Unaudited GBP	31 December 2016 Audited GBP
100 Shares	<u>100</u>	<u>100</u>

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"). ETF Securities Limited ("ETFSL") is the parent company of HoldCo.

**10. Share Premium**

	As at	
	30 June 2017 Unaudited GBP	31 December 2016 Audited GBP
100 Shares of GBP 1 Each, Issued at GBP 1,000 Each	<u>99,900</u>	<u>99,900</u>

**11. Related Party Disclosures**

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

*Fees charged by ManJer during the period:*

	Period ended 30 June	
	2017 Unaudited GBP	2016 Unaudited GBP
ManJer Fees	<u>6,577,347</u>	<u>5,067,409</u>

*The following balances were due to and from ManJer at the period/year end:*

	As at	
	30 June 2017 Unaudited GBP	31 December 2016 Audited GBP
ManJer Fees Payable	(1,099,276)	(1,038,327)
Other Receivables	100,185	100,185
Balance Payable	<u>(999,091)</u>	<u>(938,142)</u>

**11. Related Party Disclosures (continued)**

As disclosed in the Directors' Report, ManJer paid directors' fees in respect of the Company of GBP 4,000 (30 June 2016: GBP 4,000).

Steven G Ross is a director of R&H Fund Services (Jersey) Limited ("R&H"), the administrator. During the period, R&H charged ManJer administration fees in respect of the Company of GBP 19,750 (30 June 2016: GBP 19,500), of which GBP 9,875 (30 June 2016: GBP 9,750) was outstanding at the period end.

Graham J Tuckwell is also a director of ETFSL, ManJer and HoldCo. Joseph L Roxburgh is also a director of ManJer and HoldCo. Christopher J M Foulds is the Compliance Officer of ManJer.

**12. Ultimate Controlling Party**

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

The value of the Gold Bullion backing the Gold Securities is wholly attributable to the holders of the Gold Securities.

The intelligent  
alternative.