

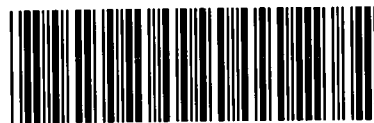
**Company Registration No. 885333**

**Gerald Metals Limited**

**Annual report and financial statements**

**31 December 2018**

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**Gerald Metals Limited**

**Annual report and financial statements 31 December 2018**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Directors' responsibilities statement</b>	<b>3</b>
<b>Independent auditors' report</b>	<b>4</b>
<b>Statement of comprehensive income</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Cash flow statement</b>	<b>8</b>
<b>Statement of changes in equity</b>	<b>9</b>
<b>Notes to the financial statements</b>	<b>10</b>

**Gerald Metals Limited**

**Annual report and financial statements 31 December 2018**

**Officers and Professional Advisers**

**Directors**

C. Dean  
D. Rabagliati  
F. Kaufmann

**Registered Office**

Third Floor  
One Strand  
Grand Buildings  
Trafalgar Square  
London WC2N 5HR

**Independent Auditors**

Deloitte LLP  
Statutory Auditors  
London

## **Gerald Metals Limited**

### **Annual report and financial statements 31 December 2018**

#### **Directors' report**

(expressed in thousands of USD)

The directors present their report and financial statements for the period ended 31 December 2018 for Gerald Metals Limited ("GML" or the "Company"). In preparing this report, the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

#### **Dividends**

On 21 December 2018, GML distributed a dividend of USD 12,950 to its parent company Gerald UK Limited ("GUK") - (Dec 2017: Nil).

#### **Share Capital**

For the year ended 31 December 2018, there were no new shares issued (Dec 2017 – Nil).

#### **Directors**

The directors of the Company during the year are Craig Dean, David Rabagliati and Florian Kaufmann.

#### **Independent Auditors**

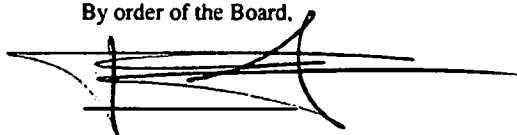
Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed to the shareholders.

By order of the Board,



Florian Kaufmann, Director  
27 September 2019

## **Gerald Metals Limited**

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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:

- 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GERALD METALS LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Gerald Metals Limited (the "Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income,
- the Balance Sheet,
- the Cash Flow Statement,
- 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 adopted by the European Union.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

#### **Other information**

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

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

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

#### **Matters on which we are required to report by exception**

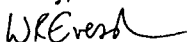
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion

- adequate accounting records have not been kept by the Company, 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

We have nothing to report in respect of these matters.

#### **Use of our report**

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



William Eversden (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

27 September 2019

**Gerald Metals Limited****Statement of comprehensive income  
For the year ended 31 December 2018****(expressed in thousands of USD)**

	Notes	Year ended 31 December 2018	Year ended 31 December 2017
Interest income	12	713	421
Net financing income (expense)		713	421
General administrative and other expenses	6	3	(14)
<b>PROFIT BEFORE TAX</b>		<b>716</b>	<b>407</b>
Tax	8	-	-
<b>NET PROFIT</b>		<b>716</b>	<b>407</b>

All the amounts in the current year and the previous period arise from continuing operations. There are no other items of comprehensive income other than as included above. Accordingly, no separate statement of other comprehensive income is presented.

The notes form an integral part of the financial statements.



# Gerald Metals Limited

## Balance sheet As at 31 December 2018

(expressed in thousands of USD)

	Notes	31 December 2018	31 December 2017
<b><u>ASSETS AND LIABILITIES</u></b>			
<b><u>CURRENT ASSETS:</u></b>			
Accounts receivable from affiliated companies	12	19,815	32,139
Total current assets		19,815	32,139
<b><u>NON-CURRENT ASSETS:</u></b>			
Deposits		1	-
Total non-current assets		1	-
<b><u>CURRENT LIABILITIES:</u></b>			
Accounts payable to affiliated company	12	-	73
Other payables		17	33
Total current liabilities		17	106
NET ASSETS		19,799	32,033
<b><u>SHAREHOLDER'S EQUITY:</u></b>			
Share capital	9	1,061	1,061
Additional paid in capital	10	18,007	18,007
Retained earnings		731	12,965
Total shareholder's equity		19,799	32,033

The notes form an integral part of the financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime under Companies Act 2006. The financial statements were approved by the Board of Directors and authorized for issue on 27 September 2019.

Signed on behalf of the Board of Directors,



Florian Kaufmann, Director

Company Registration No. 885333

**Gerald Metals Limited**

**Cash flow statement**

**For the year ended 31 December 2018**

**(expressed in thousands of USD)**

**The Company has not presented a cash flow statement as it does not currently have a bank account in 2018 and 2017 and its costs are met by Gerald UK Limited for the year ended 31 December 2018 and the year ended 31 December 2017.**

**All significant transactions are intercompany related.**

**The notes form an integral part of the financial statements.**

**Gerald Metals Limited****Statement of changes in equity  
For the year ended 31 December 2018****(expressed in thousands of USD)**

	<b>Share Capital</b>	<b>Additional paid in capital</b>	<b>Retained earnings</b>	<b>Total</b>
Balance at 1 January 2017	<u>1,061</u>	<u>18,007</u>	<u>12,558</u>	<u>31,626</u>
Net profit for the year	-	-	407	407
Balance at 31 December 2017	<u>1,061</u>	<u>18,007</u>	<u>12,965</u>	<u>32,033</u>
Net profit for the year	-	-	716	716
Dividend distributed	-	-	(12,950)	(12,950)
Balance at 31 December 2018	<u>1,061</u>	<u>18,007</u>	<u>731</u>	<u>19,799</u>

The notes form an integral part of the financial statements.

## **1. NATURE OF OPERATIONS AND ORGANIZATION OF THE COMPANY**

Gerald Metals Limited ("GML" or the "Company") is a private company limited by shares and incorporated in England with its registered office at One Strand, Grand Buildings, London. The Company acts as an investment holding company.

GML is a wholly owned subsidiary of Gerald UK Limited ("GUK"), a private company incorporated in England. GUK's immediate holding company is Gerald Holdings Limited ("GHL"), a private company incorporated in England, itself wholly owned by Gerald International Ltd ("GI UK"), a private company incorporated on 5 January 2018 in England and Wales with its registered office at One Strand, Grand Buildings, London. GI UK immediate parent and controlling entity of the Gerald Group is Gerald MV Limited ("GMV"), a private company incorporated in England and Wales.

## **2. BASIS OF PRESENTATION**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union. These financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments and inventories that are measured at fair value at the end of each reporting period through the statement of comprehensive income, as explained in the accounting policies herein. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements and deliver them to the Register of Companies. These financial statements present information about the Company as an individual undertaking and not about its group. The Company is included in the consolidated financial statements of GMV as of 31 December 2018. A copy of the consolidated financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Under International Accounting Standard ("IAS") 1 – Presentation of Financial Statements, management shall assess an entity's ability to continue as a going concern. With the support from the Gerald group and the Company's current capital, management believes that the Company has the ability to meet all necessary liabilities as they come due and will continue operations for the foreseeable future. Based on this, management has concluded that going concern basis of preparation has been considered appropriate.

## **3. ADOPTION OF NEW AND REVISED STANDARDS**

### **Adoption of revised standards**

The Company has adopted all the Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2018. The following have been applied for the first time in 2018.

<b>Effective for annual periods beginning on or after</b>		
<b>IFRS 9</b>	Financial Instruments	1 January 2018
<b>IFRS 15</b>	Revenue from Contracts with Customers	1 January 2018
<b>IFRS 2 (amendment)</b>	Share-based Payment	1 January 2018

### **IFRS 9 – Financial Instruments**

IFRS 9 supersedes IAS 39 - Financial Instruments: Recognition and Measurement and covers classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities and required the Company to reassess classification of financial assets into three major categories:

- Amortized cost
- Fair value through profit and loss ("FVTPL"), and
- Fair value through other comprehensive income ("FVTOCI").

**3. ADOPTION OF NEW AND REVISED STANDARDS (continued)**

The three new classifications are based on the business model in which assets are managed by their cash flow characteristics. Financial liabilities continue to be measured at either FVTPL or amortized cost. Additionally, IFRS 9 introduced an expected credit loss ("ECL") impairment model, which means that anticipated losses, as opposed to incurred credit losses, are recognized resulting in earlier recognition of impairments.

For the year ending 31 December 2018, the Company has concluded that IFRS 9 will not have a material impact on the balance sheet or statement of comprehensive income, and no restatement of comparative information is necessary.

IFRS 9 change in measurements has an impact on all financial assets and liabilities disclosures. Below summarizes the change from IAS 39 to IFRS 9 measurement classification:

	Original measurement category under IAS 39	New measurement category under IFRS 9
<b>Financial Assets</b>		
Accounts receivable due from affiliated company	Loan and receivable	Amortized cost
<b>Financial Liabilities</b>		
Accounts payable due to affiliated company	Amortized cost	Amortized cost
Accrued expenses and other liabilities	Amortized cost	Amortized cost

**IFRS 15 – Revenue from Contracts with Customers**

IFRS 15 applies to revenue from contracts with customers and all previous revenue standards and interpretations in IFRS. The standard outlines the principles an entity must apply to measure and recognize revenue and the related cash flow. As a majority of the Company's revenue is derived from interest income, for which the point of recognition is dependent upon contract terms, the transfer of risks and rewards as defined by IAS 18 – Revenue and the transfer of control as defined by IFRS 15 generally coincides with the fulfilment of performance obligation under the sale terms at a point in time. Changes in accounting policies resulting from IFRS 15 have been applied using the full retrospective method, with no restatement of comparative information for prior year in accordance with the practical expedient not to restate contracts that begin and end within the same annual reporting period or have been completed as at 1 January 2017.

**IFRS 2 – Share-based payments**

The amendments to IFRS 2 clarified the classification and measurement of share-based payment transactions with respect to accounting for cash-settled share-based payment transactions that include a performance obligation, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The Company does not have any share-based payment transactions; as such, adoption of this amendment has no material impact to the Company.

**New and revised standards not yet effective**

At the date of issuance of these financial statements, the following Standards and Interpretations were issued or amended but not yet effective:

	Effective for annual periods beginning on or after
IFRS 16	Leases 1 January 2019
IFRS 17	Insurance Contracts 1 January 2021
IFRS 9 (amendment)	Prepayment Features with Negative Compensation 1 January 2019
IAS 28 (amendment)	Long-term Interests in Associates and Joint Ventures 1 January 2019
IAS 19 (amendment)	Plan Amendment, Curtailment or Settlement 1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments 1 January 2019

**3. ADOPTION OF NEW AND REVISED STANDARDS (continued)**

**IFRS 16 – Leases**

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 - Leases and the related interpretations when it becomes effective. Under IFRS 16, a lessee is required to recognize the present value of the unavoidable lease payments as a lease liability on the balance sheet with a corresponding right-of-use asset. The relief of the lease liability and the amortization of the right-of-use asset are recognized on the statement of comprehensive income. The most significant impact of adopting IFRS 16 will be the present value of the lease commitments being shown as a liability and the right-of-use asset on the balance sheet. The Company has concluded that IFRS 16 will not have an impact on the financial statements.

**IFRS 17 – Insurance Contracts**

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 – Insurance Contracts. IFRS 17 outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach. The Company has concluded that IFRS 17 will not have an impact on the financial statements.

**IFRS 9 – Prepayment features with Negative Compensation**

Amendment to IFRS 9 clarifies the purpose of assessing whether a prepayment feature meets the cash flow characteristics test, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. The Company does not anticipate that the application of the amendment in the future will have an impact on the financial statements.

**IAS 28 – Long-term Interest in Associates and Joint Ventures**

Amendment to IAS 28 clarifies that an entity must apply IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture, but the net investment is not classified as an equity method investment. The Company does not anticipate that the application of the amendment in the future will have an impact on the financial statements.

**IAS 19 – Employee Benefits Plan Amendment, Curtailment or Settlement**

Amendment to IAS 19 clarifies that the past service cost is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment but ignoring the effect of the asset ceiling. The Company does not anticipate that the application of the amendment in the future will have an impact on the financial statements.

**IFRIC 23 – Uncertainty over Income Tax Treatment**

IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatment. The Interpretation requires the Company to determine whether uncertain tax positions are assessed separately or as a group and assess whether it is probable that a tax authority will accept an uncertain tax treatment used. The Company does not anticipate that the application of the amendment in the future will have an impact on the financial statements.

**4. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in preparing the financial statements of the Company are as follows:

**Foreign currencies**

The Company's financial statements are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of the financial statements, the results and financial position are expressed in United States dollars ("USD"), which is the functional currency of the Company and the presentation currency for the financial statements.

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in the statement of comprehensive income in the period in which they arise except for:

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and included in statement of comprehensive income;
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which forms part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Monetary assets and liabilities denominated in other currencies are translated into USD at the rate of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are measured at historical exchange rates. Transactions which occurred during the year denominated in currencies other than USD are translated at the actual rate of exchange for the transaction. The resulting exchange differences, if any, are recognized in the statement of comprehensive income.

**Impairment of tangible and intangible assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets, including goodwill, to determine whether there is an indication that those assets have experienced an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

A cash-generating unit to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. If the recoverable amount of the unit exceeds the carrying amount of the unit, the unit and the goodwill allocated to that unit shall be regarded as not impaired. If the carrying amount of the unit exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased, excluding goodwill, to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Financial instruments**

Financial assets and financial liabilities are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are classified as either financial assets at amortized cost, FVTOCI or FVTPL depending on the business model for managing the financial assets and the

**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

nature of the contractual cash flow characteristics of the financial asset. Financial liabilities are classified as either financial liabilities at amortized cost or FVTPL.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognized represents a probability-weighted estimate of credit losses over the expected life of the financial asset.

**Cash and cash equivalents**

Highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less when purchased.

**Provisions**

The Company records provisions when it has an obligation to satisfy a claim, it is probable that an outflow of Company resources will be required to satisfy the obligation and a reliable estimate of the amount can be made.

In the case of litigation and claims relating to services rendered, the amount that is ultimately recorded is the result of a complex process of assessment of a number of variables, and relies on Management's judgment, as informed by expert legal advice, about the circumstances surrounding the past provision of services. Changes in estimates are reflected in the statement of comprehensive income in the period in which the change occurs.

**Revenue recognition**

Revenue is recognized when the performance obligations have been satisfied, which is once control of the goods and/or services has transferred from the Company to the buyer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Sales are recognized when the product is delivered to the destination, which is typically the vessel on which it is shipped, the destination port or the customer's premises specified by the customer, and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset.

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognized using the original effective interest rate.

Dividend income from investments is recognized when the shareholder's rights to receive payment have been established.

**Gross vs. net presentation of revenues**

Contracts that provide for physical delivery of cargos, but which are ultimately net settled, are presented on a net basis in the statement of comprehensive income. Net settlement is when cash is paid or received for the difference between the contractual price of a cargo and the market value on a specified date, as delivery will not occur.

**Expense recognition**

Expenses are recognized in the period when they are incurred.

**Taxes**

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable income differs from income before tax as reported in the statement of comprehensive income because it excludes items of income and expenses that are taxable or deductible in other periods and it further excludes items that are neither taxable nor deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all



**4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit, or in the case of a taxable temporary difference only, the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized. Deferred tax is charged or credited to the statement of comprehensive income.

**Dividends**

Dividends are reported as a movement in equity in the period when they are approved by the shareholders.

**Contingencies**

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential impact of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events. The Company assesses its contingencies based upon the best information available, relevant laws and other appropriate requirements. Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

**5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

**Judgments**

In the process of applying the Company's accounting policies (note 4), Management makes estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual outcomes could differ from those estimates. Estimates are used in accounting for derivative assets and liabilities, bad debt provisions on receivables, commodities owned, allowances, depreciation, taxes, provisions and contingencies.

Estimates and assumptions are reviewed periodically and the effects of any changes in estimates are reflected in the statement of comprehensive income.

The Company identifies a policy as being significant when it requires Management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain. In the process of applying the Company's accounting policies described above, Management has made the following judgments that have a significant effect on the amounts recognized in the financial statements:

**Allowances** - During the periods ended 31 December 2018 and 2017, the Company did not record any significant allowances.

**Use of estimates**

The key assumptions concerning the future, and other key sources of estimation at the balance sheet date that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below:

**Recoverability of trade accounts and other receivables** – Trade accounts and other receivables are reflected net of an estimated allowance for expected credit losses. These allowances, when recorded, are estimated based primarily on the Company's aging policy guidelines, individual client analysis and an analysis of the underlying risk profile of each major revenue stream by business and geography.

# Gerald Metals Limited

## Notes to the financial statements (continued)

(expressed in thousands of USD)

### 6. GENERAL ADMINISTRATIVE AND OTHER EXPENSES

	Year ended 31 December 2018	Year ended 31 December 2017
Auditors' remuneration - audit services	(5)	(8)
Other administrative costs	-	(6)
Other income	8	-
	<u>3</u>	<u>(14)</u>

Other administrative costs include other administrative expenses.

### 7. EMOLUMENTS OF DIRECTORS AND STAFF PARTICULARS

The Company had no employees during the period and made no emoluments to directors (Dec 2017: No employee – Directors' emoluments for USD 4).

### 8. TAXATION

#### a) Tax on ordinary activities

The current tax is made up as follows:

	Year ended 31 December 2018	Year ended 31 December 2017
Current tax		
UK corporate tax	-	-
Total current tax	<u>-</u>	<u>-</u>

#### b) Factors affecting current tax

	Year ended 31 December 2018	Year ended 31 December 2017
Profit before tax	716	407
Theoretical tax at UK corporation tax rate of 19.00% (Dec 2017: 19.25%)	136	78
Impact of the Company relief	<u>(136)</u>	<u>(78)</u>
Actual current tax	<u>-</u>	<u>-</u>

The Company has no surplus management expenses carried forward (Dec 2017: Nil).

### 9. SHARE CAPITAL

	31 December 2018	31 December 2017
Authorised, issued and fully paid: 500,000 (Dec 2017: 500,000) ordinary shares of £1 each	<u>1,061</u>	<u>1,061</u>

### 10. ADDITIONAL PAID IN CAPITAL

	31 December 2018	31 December 2017
Additional paid in capital	<u>18,007</u>	<u>18,007</u>

On April 2006, GUK, the immediate parent of the Company, transferred assets to the Company pursuant to a group reorganisation arrangement. The other reserves represent the shares and other assets transferred from GUK to the Company which were treated as a capital contribution.

## Gerald Metals Limited

### Notes to the financial statements (continued)

(expressed in thousands of USD)

#### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Components of the Company's business could be impacted by various external factors namely, political events, unfavorable action by governments, natural catastrophes, and other macroeconomic events like recession. It is the Gerald group's policy to actively manage such risks in order to mitigate the impacts where possible. The Gerald group manages its capital to ensure that entities in the Gerald group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the previous period.

The capital structure of the Company consists of equity attributable to shareholder of the parent.

The Company's activity is exposed to a number of financial risks arising from external factors. These include credit risks and liquidity risks.

Risk management is carried out by the Gerald group's financial and risk professionals who report to Senior Management on a regular basis entailing a significant amount of coordination with the various commodity departments. There have been no significant changes in the manner the Gerald group manages the exposures in the financial risks faced by the Company.

The accounting classification of each category of financial instruments and their carrying amounts are set out below:

31 December 2018	Notes	Financial instruments measured at amortised cost	Total Carrying Amount
<b>Financial assets</b>			
Accounts receivable from affiliated companies	12	19,815	19,815
<b>Financial liabilities</b>			
Other payables		(17)	(17)
		<u>19,798</u>	<u>19,798</u>
<b>31 December 2017</b>	<b>Notes</b>	<b>Financial instruments measured at amortised cost</b>	<b>Total Carrying Amount</b>
<b>Financial assets</b>			
Accounts receivable from affiliated companies	12	32,139	32,139
<b>Financial liabilities</b>			
Accounts payable to affiliated companies	12	(73)	(73)
Other payables		(33)	(33)
		<u>32,033</u>	<u>32,033</u>

The financial instruments' carrying amount are either the fair value, or approximates fair value.

##### Credit risk

Credit risk refers to the risk that counterparty will fail to perform or fail to pay amounts resulting in financial loss to the Company. Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of accounts receivables from affiliated companies. As of 31 December 2018, the maximum credit exposure was USD 19,815 (Dec 2017: USD 32,139) referring to the carrying value of financial assets.

As of 31 December 2018 and 31 December 2017, the Company held no third-parties receivables balances.

## Gerald Metals Limited

### Notes to the financial statements (continued)

(expressed in thousands of USD)

#### 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

##### Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations when due. The Gerald group's Treasury department monitors the liquidity risk and uses for this purpose a number of liquidity risk management techniques for the management of the Company's short- and medium-term funding. Prudent liquidity risk management implies maintaining for the Company the availability of funding through an adequate amount of credit arrangements with the Gerald group when required. The Company does not have a bank account and its costs are net by GUK. During the year ended 31 December 2018 and 2017, the Company held no payment obligations beyond a year.

#### 12. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

	Year ended 31 December 2018	Year ended 31 December 2017
<b>Interest income</b>		
Gerald UK Limited	713	421
	<u>713</u>	<u>421</u>

Interest income represents the amount paid by GUK for a loan granted by GML. This intercompany loan bears interest at a rate of LIBOR plus 0.25%.

	31 December 2018	31 December 2017
<b>Accounts receivable from affiliated companies</b>		
Gerald UK Limited - Intercompany loan	19,815	32,139
	<u>19,815</u>	<u>32,139</u>

	31 December 2018	31 December 2017
<b>Accounts payable to affiliated company</b>		
Gerald Holdings Limited	-	19
Gerald Limited	-	19
Gerald UK Limited	-	35
	<u>-</u>	<u>73</u>

Intercompany receivable from GUK is an intercompany loan bearing interest rate of LIBOR plus 0.25%.

On 21 December 2018, GML distributed a dividend of USD 12,950 to its parent company GUK (Dec 2017: Nil).

#### 13. SUBSEQUENT EVENTS

After the balance sheet date, no material events have occurred that should be reflected in the annual accounts 2018 or which would require a note in the financial statements.