

**Company Registration No. 2238474**

**Gerald Limited**

**Annual report and financial statements**

**31 December 2020**



# **Gerald Limited**

## **Annual report and financial statements 31 December 2020**

<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 loss</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Cash flow statement</b>	<b>10</b>
<b>Statement of changes in equity</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12</b>

## **Gerald Limited**

### **Annual report and financial statements 31 December 2020**

#### **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 Limited**

### **Annual report and financial statements 31 December 2020**

#### **Directors' report**

(expressed in thousands of USD)

The directors present their report and financial statements for the period ended 31 December 2020. In preparing this report, the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

#### **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.

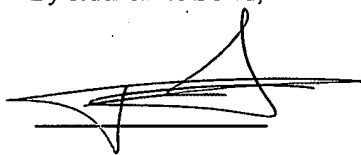
Deloitte LLP has expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed to the shareholders.

#### **Going Concern**

The Gerald group (the "Group") has been in existence since 1962 and continues to be a private Group owned and controlled by its employees. It is a global commodity merchant which has historically focused on base, precious and ferrous metals, including all of the associated raw materials. Its activities span across the entire supply chain, which include mining operations, logistics and storage, financing of such commodities, and customized financial market solutions.

As of the date of this report, the COVID-19 outbreak and Brexit have not had a material impact on the Company and the Company's management believe that it will not have a material impact to the Company's business.

By order of the Board,



Florian Kaufmann, Director  
27 September 2021

## **Gerald 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 issued by the IASB. 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, International Accounting Standard 1 requires that directors:

- 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 LIMITED

### Report on the audit of the financial statements

#### Opinion

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

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); 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 Loss,
- the Balance Sheet,
- the Cash Flow Statement,
- the Statement of Changes in Equity, and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

#### 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

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

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

We have nothing to report in this regard.

**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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
  - performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
  - enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
  - reading minutes of meetings of those charged with governance.
-



## Report on other legal and regulatory requirements

### Opinions 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 has 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, 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; or
- the directors were not entitled to 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, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

27 September 2021

## Gerald Limited

### Statement of comprehensive loss For the year ended 31 December 2020

(expressed in thousands of USD)

	Notes	Year ended 31 December 2020	Year ended 31 December 2019
Interest income		-	57
Interest expense		(14)	(77)
Net financing (costs)		(14)	(20)
General administrative and other expenses	6	(9)	(12)
Investment impairment	9	-	(70,257)
(LOSS) BEFORE TAX		(23)	(70,289)
Tax	8	-	-
Total comprehensive (loss) for the year		(23)	(70,289)

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

The notes form an integral part of the financial statements.

## Gerald Limited

### Balance sheet

As at 31 December 2020

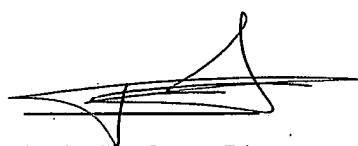
(expressed in thousands of USD)

	Notes	31 December 2020	31 December 2019
<b><u>ASSETS AND LIABILITIES</u></b>			
<b><u>CURRENT ASSETS:</u></b>			
Accounts receivable from affiliated company	13	5,164	5,157
Total current assets		5,164	5,157
<b><u>NON-CURRENT ASSETS:</u></b>			
Investments in subsidiary	9	5,595	5,595
Total non-current assets		5,595	5,595
<b><u>CURRENT LIABILITIES:</u></b>			
Accounts payable to affiliated company	13	1,641	1,613
Other payables		29	27
Total current liabilities		1,670	1,640
NET ASSETS		9,089	9,112
<b><u>SHAREHOLDER'S EQUITY:</u></b>			
Share capital	10	2,019	2,019
Additional paid in capital	11	40,852	40,852
Retained earnings		(33,782)	(33,759)
Total shareholder's equity		9,089	9,112

The notes form an integral part of the financial statements.

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities effective January 2015. The financial statements were approved by the Board of Directors and authorized for issue on 27 September 2021

Signed on behalf of the Board of Directors,



Florian Kaufmann, Director

Company Registration No. 2238474

## **Gerald Limited**

### **Cash flow statement**

**For the year ended 31 December 2020**

**(expressed in thousands of USD)**

**The Company has not presented a cash flow statement as it does not currently have a bank account in 2020 and 2019 and its costs are met by Gerald UK Limited for the year ended 31 December 2020 and the year ended 31 December 2019.**

**All significant transactions are intercompany related.**

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

## Gerald Limited

### Statement of changes in equity For the year ended 31 December 2020

(expressed in thousands of USD)

	Share Capital	Additional paid in capital	Retained earnings	Total
Balance at 1 January 2019	<u>2,019</u>	<u>40,852</u>	<u>36,530</u>	<u>79,401</u>
Comprehensive loss for the year	-	-	(70,289)	(70,289)
Balance at 31 December 2019	<u>2,019</u>	<u>40,852</u>	<u>(33,759)</u>	<u>9,112</u>
Comprehensive loss for the year	-	-	(23)	(23)
Balance at 31 December 2020	<u>2,019</u>	<u>40,852</u>	<u>(33,782)</u>	<u>9,089</u>

The notes form an integral part of the financial statements.

# Gerald Limited

## Notes to the financial statements

(expressed in thousands of USD)

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

Gerald Limited ("GL" or the "Company") is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales with its registered office at One Strand, Grand Buildings, London. The Company acts as a holding company.

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

In March 2020 the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, included the implementation of travel bans, imposed quarantine periods and social distancing, having caused material disruptions to businesses globally, resulting in an economic slowdown. Global trading markets experienced significant volatility and weakness. Governments and central banks reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. As of the date of this report, the effects of the COVID-19 pandemic on the Company's statement of financial condition were not significant.

### 2. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the IASB. These financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. In preparing this report, the directors have taken advantage of the small companies exemptions provided by Section 415A of the Companies Act 2006.

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 2020. 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 2020. The following have been applied for the first time in 2020.

Effective for annual periods beginning on or after		
IFRS 3 (amendment)	Definition of Business	January 1, 2020
IAS 1 and IAS 8 (amendments)	Definition of Material	January 1, 2020
IFRS 7, IFRS 9 and IAS 39 (amendments)	Interest Rate Benchmark Reform	January 1, 2020
IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32	Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
IFRS 16 (amendments)	Covid-19 Related Concessions	June 1, 2020

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

**Amendment to IFRS 3 – Definition of Business**

The amendments intend to assist the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. IFRS 3 continues to adopt a market participants perspective to determine whether an acquired set of activities and assets is a business but clarifies the minimum requirements to be a business and removes the assessment of a market participant's ability to replace missing elements. The amendments also introduce an optical concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The amended definitions will be applicable for any future acquisitions.

**Amendments to IAS 1 and IAS 8 – Definition of Material**

The amendments clarify the determination of material and how it should be applied by including it in the definition guidance, which until now has been featured elsewhere in IFRS standards and ensures that the definition of material is consistent across all IFRS standards. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The application of this amendment did not have a material effect on the financial statements.

**Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform**

These amendments modify some specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by the interest rate benchmark reform, such as interbank offered rates (IBORs). In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The application of the amendment did not have a material impact on the financial statements.

**IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 – Amendments to References to the Conceptual Framework in IFRS Standards**

In March 2018, the IASB issued Amendments to References to the Conceptual Framework in IFRS Standards, in conjunction with its publishing of the revised Conceptual Framework for Financial Reporting. These amendments predominately refer to the updating of references contained within. Not all amendments refer to the revised Conceptual Framework, some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASB framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework. Some updates to include relevant updated definitions were made, including that of an equity instrument (IFRS 2), liabilities (IAS 37), and assets (IAS 38). The adoption of these amendments did not have a material impact on the financial statements.

**Amendments to IFRS 16 – COVID-19 Related Rent Concessions**

The changes in COVID-19-Related Rent Concessions amend IFRS 16 to provide lessees with an exemption from assessing whether a COVID-19-Related Rent Concessions is a lease modification, to require lessees that apply the exemption to disclose that fact, and to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures. The application of the amendment did not have an impact on the financial statements.

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

	<b>Effective for annual periods beginning on or after</b>	
IFRS 9, IAS 39, and IFRS 7 (amendments)	Interest Rate Benchmark Reform-Phase 2	January 1, 2021
IAS 16 (amendments)	Property, Plant and Equipment - Proceeds before Intended Use	January 1, 2022
IFRS 3 (amendments)	Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2022
IAS 37 (amendments)	Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022
IFRS 17	Insurance Contracts	January 1, 2023
IAS 1 (amendments)	Classification of Liabilities	January 1, 2023

**Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (“IBOR”) – Phase 2**

These amendments relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosures regarding modifications and hedge accounting. The IASB introduces modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis accounted for by updating the effective interest rate. Hedge accounting is not discontinued solely because of the IBOR reform and hedging relationships must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. The Company does not expect any significant changes to the financial statements upon application of these amendments.

**Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use**

This amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity will need to recognize these in profit or loss. The Company does not expect any significant changes to the financial statements upon application of these amendments.

**Amendment to IFRS 3 – Amendments to References to the Conceptual Framework in IFRS Standards**

This amendment updates IFRS 3 to now refer to the 2018 Conceptual Framework instead of the 1989 Framework, to apply IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination, and to add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amended definitions will be applicable for any future acquisitions.

**Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract**

This amendment specifies that costs that relate directly to a contract can either be incremental costs of fulfilling that contract (i.e. direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (i.e. allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The Company does not expect any significant changes to the financial statements upon adoption of the amendments.

**IFRS 17 – Insurance Contracts**

IFRS 17 will be deferred from the initial application by two annual years to begin on or after January 1, 2023. This amendment includes a clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. Additionally, this will include amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held. The Company does not expect any significant changes to the financial statements upon application of these amendments.



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

**Amendments to IAS 1 – Classification of Liabilities**

This amendment only affects the presentation of liabilities in the statement of financial position – not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose. This amendment also clarifies that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period. The Company does not expect any significant changes to the financial statements upon the adoption of the IAS 1.

**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.

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 loss 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 loss;
- 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 loss.

**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 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.

## **Gerald Limited**

### **Notes to the financial statements**

(expressed in thousands of USD)

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

##### **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.

##### **Revenue recognition**

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.

##### **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 loss 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 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 loss.

##### **Dividends**

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

##### **Investments in subsidiaries**

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

## Gerald Limited

### Notes to the financial statements

(expressed in thousands of USD)

#### 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

##### 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 taxes and provisions.

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

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 period ended 31 December 2020, the Company did not record any significant allowance (2019: allowance on its investment in Gerald UK Limited of USD 70,257 - Note 9)

##### 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.

#### 6. GENERAL ADMINISTRATIVE AND OTHER EXPENSES

	Year ended 31 December 2020	Year ended 31 December 2019
Auditors' remuneration - audit services	(5)	(5)
Other administrative costs	(4)	(7)
	<u>(9)</u>	<u>(12)</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 2019: No employee - No Directors' emoluments).

# Gerald Limited

## Notes to the financial statements

(expressed in thousands of USD)

### 8. TAXATION

#### a) Tax on ordinary activities

The total tax charge is made up as follows:

	Year ended 31 December 2020	Year ended 31 December 2019
Total tax charge		
UK corporate tax	-	-
Total tax charge	-	-

#### b) Factors affecting total tax charge

	Year ended 31 December 2020	Year ended 31 December 2019
Total comprehensive (loss) for the year	(23)	(70,289)
Theoretical tax at UK corporation tax rate of 19.00% (Dec 2019: 19.00%)	4	13,355
Permanent difference	(4)	(13,349)
Deferred tax not recognised	-	(6)
Total tax charge	-	-

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As the entity has no deferred tax position, the amended tax rate has no impact to be disclosed.

The Company has losses carried forward for USD 564 (Dec 2019: USD 564) for which no deferred tax has been recognised.

### 9. INVESTMENTS IN SUBSIDIARY

	31 December 2020	31 December 2019
Balance as at 1 January	5,595	75,852
Investment impairment	-	(70,257)
Balance as at 31 December	5,595	5,595

The below listing represents subsidiary held directly or indirectly by the Company and the Company's portion of controlling or voting interest as of 31 December 2020 :

Name of interest	Principal activities	Country of registration	Ordinary Shares %
Gerald UK Limited ("GUK")	Trading and investment holding company	United Kingdom	100
Gerald Metals Limited (*)	Investment holding company	United Kingdom	100

(\*) Held indirectly through Gerald UK Limited.

Gerald UK Limited and Gerald Metals Limited registered office: One Strand, Grand Buildings, Trafalgar Square, London WC2N 5HR.

## Gerald Limited

### Notes to the financial statements

(expressed in thousands of USD)

#### 9. INVESTMENTS IN SUBSIDIARY (continued)

The Company owns 100% of the 35 million ordinary shares of USD 1 each issued by GUK. During the year, GUK did not declare a dividend (Dec 2019: Nil). USD 852 related to an additional investment in GUK made during the year ended 30 April 2006 following the transfer of the Company's shareholding in Gerald Metal Limited ("GML") to GUK. This share transfer has been treated as an additional capital contribution as disclosed in note 11.

During 2019, Gerald UK Limited investment was impaired by USD 70,257 for the remaining balance of USD 5,595 and included in the statement of comprehensive loss. The net investment represents the net asset of the consolidated subsidiary.

In the Directors' view, the fair value of these investments is not less than their carrying value.

#### 10. SHARE CAPITAL

	31 December 2020	31 December 2019
<b>Authorised, issued and fully paid:</b>		
10,000 (Dec 2019: 10,000) 'A' ordinary shares of £1 each	19	19
<b>Authorised, issued and fully paid:</b>		
2,000,000 (Dec 2019: 2,000,000) 'B' ordinary shares of £1 each	2,000	2,000
	<u>2,019</u>	<u>2,019</u>

Both classes of share rank equal in all respect except that holders of 'A' shares are not entitled to the payment of any dividends.

#### 11. ADDITIONAL PAID IN CAPITAL

	31 December 2020	31 December 2019
Additional paid in capital	<u>40,852</u>	<u>40,852</u>

#### 12. 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 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.

## Gerald Limited

### Notes to the financial statements

(expressed in thousands of USD)

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

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

31 December 2020	Notes	Financial instruments measured at amortised cost
Financial assets		
Accounts receivable from affiliated company	13	5,164
Financial liabilities		
Accounts payable to affiliated company	13	(1,641)
Other payables		(29)
		<u>3,494</u>
31 December 2019	Notes	Financial instruments measured at amortised cost
Financial assets		
Accounts receivable from affiliated company	13	5,157
Financial liabilities		
Accounts payable to affiliated company	13	(1,613)
Other payables		(27)
		<u>3,517</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 2020, the maximum credit exposure was USD 5,164 (Dec 2019: USD 5,157) referring to the carrying value of financial assets.

As of 31 December 2020 and 31 December 2019, the Company held no third-parties receivables balances.

## Gerald Limited

### Notes to the financial statements

(expressed in thousands of USD)

#### 12. 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 2020 and 2019, the Company held no payment obligations beyond a year.

#### 13. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

	31 December 2020	31 December 2019
Accounts receivable from affiliated company		
Gerald Holdings Limited	5,164	5,157
	<u>5,164</u>	<u>5,157</u>
	31 December 2020	31 December 2019
Accounts payable to affiliated company		
Gerald UK Limited	1,641	1,613
	<u>1,641</u>	<u>1,613</u>

The related party balances are unsecured, interest-free and repayable on demand unless otherwise stated.

#### 14. SUBSEQUENT EVENTS

There have been no events after the reporting period that require disclosure or would cause any of the assets or liabilities reported in these financial statements to be restated.