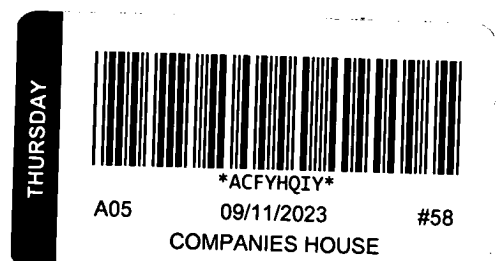


**Company Registration No. 03961277**

**Gerald UK Limited**

**Annual report and financial statements**

**31 December 2022**



**Gerald UK Limited**

**Annual report and financial statements 31 December 2022**

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# **Gerald UK Limited**

## **Annual report and financial statements 31 December 2022**

### **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  
1 New Street Square  
London EC4A 3HQ

# Gerald UK Limited

## Annual report and financial statements 31 December 2022

### Directors' report

(expressed in thousands of USD)

The directors present their report and financial statements for the year ended 31 December 2022. In preparing this report the directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006.

#### Dividends

There was no dividend distribution during the year ended 31 December 2022 (2021: Nil).

#### Share Capital

For the year ending 31 December 2022, there was no share capital contribution (2021: Nil).

#### Directors

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

#### Overview of the Company

Gerald UK Limited ("GUK") is the main UK entity for the Gerald Group. Its employees provide services that cover all aspects of a trading business for itself as well as other affiliated companies, for which it receives a management fee.

Gerald Metals Ltd ("GML"), a limited company registered in England, is a wholly owned subsidiary of GUK.

#### Financial key performance indicators

Gerald UK Limited closed the year with revenue of USD 14,878 thousand and total shareholder's equity USD 6,061 thousand. The table below includes the key financial performance indicators for the Gerald Group, with comparative figures from the prior year (expressed in thousands of US\$):

	2022	2021
Sales	14,878	22,796
Total shareholder's equity	6,061	6,862

#### Principal risks and uncertainties

The Company's activity is exposed to a number of financial risks arising from external factors. These include market risks relating to foreign currency exchange rates, interest rates, credit risks, and liquidity risks. The Company's overall risk management program focuses on the unpredictability of financial markets, flexibility retention, while seeking to minimize any potential adverse effects on the Company's financial performance. A main component of the risk management strategy is the utilization of financial instruments to hedge these risks in order to mitigate the associated exposures.

Risk management is carried out by the Company 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 Company manages the exposures in the financial risks faced by the Company.

## **Gerald UK Limited**

### **Annual report and financial statements 31 December 2022**

#### **Directors' report (continued)**

(expressed in thousands of USD)

##### **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.

The going concern basis of preparation has been considered appropriate as, based on the company's equity, the directors believe that the Company will be in operation for a period of at least 12 months from the date of the signing the financial statements. The company uses mixture of long-term and short-term debt finance to meet its operational needs.

As of the date of this report, Russia Ukraine conflict have not had a material impact on the Company mainly due to not having any operational footprint and limited trading exposure related to the conflict areas. The Group complies with all sanctions applicable to its business activities. The Company's management believe that it will not have a material impact to the Company's business.

After making enquiries on the basis of these additional factors, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

##### **Financial risk management objectives and policies**

###### ***Market risk***

Market risk is the risk arising from possible market price movements and their impact on the future performance of a business. The Company's activities expose it primarily to the financial risks from changes in commodity prices, foreign currency exchange rates, and in interest rates.

###### ***Cash flow risk***

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Where appropriate, the Company uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

###### ***Credit risk***

Credit risk refers to the risk that a counterparty will fail to perform or fail to pay amounts resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, if any. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company closely monitors the extension of such credit and historically has not experienced significant credit losses. New counterparties are reviewed and approved by the Gerald group's credit risk management department. Furthermore, it limits its exposure on such advances through a combination of limited recourse credit facilities, netting and collateral arrangements, and credit insurance policies. In addition, letters of credit, guarantees, deposits, insurance coverage and limited recourse financing are also utilized to mitigate credit risk.

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

###### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Gerald group uses a mixture of different debt finance (internal and external as the Company also has access to funds and the support of its parent and affiliated companies).

###### ***Climate Risk***

Based on the operations and activities of the Company, the Company has not identified any exposure to any climate related risks.

## **Gerald UK Limited**

### **Annual report and financial statements 31 December 2022**

#### **Directors' report (continued)**

**(expressed in thousands of USD)**

##### **Independent Auditors**

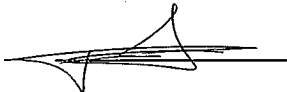
Each of the persons who is a director at the date of approval of this report confirms that:

- (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  
3 November 2023

## **Gerald UK 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 UK adopted International Accounting Standards and International Financial Reporting Standards (IFRSs) as adopted by the International Accounting Standards Board (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 members of Gerald UK Limited**

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

#### **Opinion**

In our opinion the financial statements of Gerald UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards 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 income/(loss);
- the balance sheet;
- the cash flow statement;
- the statement of changes in equity;
- the statement of significant accounting policies; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards 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 a 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 in-house as well as 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, ACA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom

03 November 2023

## Gerald UK Limited

### Statement of comprehensive income/(loss) For the year ended 31 December 2022

(expressed in thousands of USD)

	Notes	Year ended 31 December 2022	Year ended 31 December 2021
Sales		14,878	22,796
Cost of goods sold		(15,599)	(20,930)
Gross commodity trading margin	6	(721)	1,866
Interest income		64	10
Interest expense		(222)	(142)
Interest expense on lease		(55)	(84)
Net financing income / (costs)		(213)	(216)
Gross commodity trading margin including financing income		(934)	1,650
Management fee income		7,324	7,804
General administrative and other expenses	8	(7,191)	(7,186)
(LOSS)/PROFIT BEFORE TAX	7	(801)	2,268
Tax	10	-	-
Comprehensive (loss) / income for the year		(801)	2,268

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

The notes form an integral part of the financial statements.

## Gerald UK Limited

### Balance sheet

As at 31 December 2022


(expressed in thousands of USD)

	Notes	31 December 2022	31 December 2021
<b><u>ASSETS AND LIABILITIES</u></b>			
<b><u>CURRENT ASSETS:</u></b>			
Cash and cash equivalents		287	1,883
Trade and other receivables		45	-
Accounts receivable from affiliated companies	20	14,581	10,919
Inventory	13	545	1,957
Derivative financial instruments	14	275	54
Other current assets	12	888	1,364
Total current assets		16,621	16,177
<b><u>NON-CURRENT ASSETS:</u></b>			
Property, plant and equipment - Net		53	37
Investments in subsidiary	11	18,742	18,742
Long-term lease asset	21	346	850
Other assets		10	10
Total non-current assets		19,151	19,639
<b><u>CURRENT LIABILITIES:</u></b>			
Loans payable	16	602	-
Trade and other payables	15	975	989
Accounts payable to affiliated companies	20	27,656	27,206
Derivative financial instruments	14	369	139
Total current liabilities		29,602	28,334
<b>Non-current liabilities</b>			
Long-term lease liability	21	109	620
<b>NET ASSETS</b>		<b>6,061</b>	<b>6,862</b>
<b><u>SHAREHOLDER'S EQUITY:</u></b>			
Share capital	17	35,000	35,000
Additional paid in capital	18	40,852	40,852
Accumulated deficit		(69,791)	(68,990)
Total shareholder's equity		6,061	6,862

The notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorized for issue on 3 November 2023.

Signed on behalf of the Board of Directors,



Florian Kaufmann, Director

Company Registration No. 3961277

## Gerald UK Limited

### Cash flow statement

For the year ended 31 December 2022

(expressed in thousands of USD)

	Year ended 31 December 2022	Year ended 31 December 2021
<b>Cash flows (used in) from operating activities:</b>		
Comprehensive (loss)/income for the year	(801)	2,268
Adjustments for:		
Depreciation and impairment of fixed assets	24	15
Interest income	(64)	(10)
Interest expense	222	142
Interest expense on lease	55	84
Operating cash flows before movements in working capital	<u>(564)</u>	<u>2,499</u>
<b>Working capital movements:</b>		
Increase in trade and other receivables	(45)	-
Increase in accounts receivable from affiliated companies	(3,662)	(3,133)
Decrease in inventory	1,412	2,138
Increase in derivative financial asset	(221)	(16)
Decrease in other current assets	476	430
Decrease in long term lease and other assets	504	537
Decrease in trade and other payables	(14)	(43)
Increase in accounts payable to affiliated companies	450	3,399
Increase (Decrease) in derivative financial liability	230	(94)
Decrease in other long-term liabilities	(511)	(633)
Net cash flows (used in) / from operating activities	<u>(1,945)</u>	<u>5,084</u>
<b>Cash flows (used in) from investing activities:</b>		
Purchase of property, plant and equipment	(40)	(22)
Interest received	64	10
Cash flows from / (used in) investing activities	<u>24</u>	<u>(12)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase/(decrease) of bank overdrafts	602	(3,551)
Interest paid	(277)	(226)
Cash flows from / (used in) financing activities	<u>325</u>	<u>(3,777)</u>
Net (decrease) / increase in cash and cash equivalents	(1,596)	1,295
Cash and cash equivalents - beginning of the year	1,883	588
<b>Cash and cash equivalents - end of the year</b>	<u>287</u>	<u>1,883</u>

The notes form an integral part of the financial statements.

## Gerald UK Limited

### Statement of changes in equity For the year ended 31 December 2022

(expressed in thousands of USD)

	Share Capital	Additional paid in capital	Accumulated deficit	Total
Balance at 1 January 2021	<u>35,000</u>	<u>40,852</u>	<u>(71,258)</u>	<u>4,594</u>
Comprehensive income for the year	-	-	2,268	2,268
Balance at 31 December 2021	<u>35,000</u>	<u>40,852</u>	<u>(68,990)</u>	<u>6,862</u>
Comprehensive loss for the year	-	-	(801)	(801)
Balance at 31 December 2022	<u>35,000</u>	<u>40,852</u>	<u>(69,791)</u>	<u>6,061</u>

The notes form an integral part of the financial statements.

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

Gerald UK Limited (“GUK” or the “Company”) is a private company incorporated in England and Wales with its registered office at One Strand, Grand Buildings, London. The principal activities of the Company are to manage the sourcing and marketing of physical metals and minerals.

Gerald Metals Limited (“GML”), a private company incorporated in England and Wales, is wholly owned subsidiary of GUK. GUK immediate parent is Gerald Limited (“GL”), a private company incorporated in England and Wales. GL immediate parent is Gerald Holdings Limited (“GHL”), a private company incorporated in England and Wales. GHL immediate parent is Gerald International Limited (“GIL”), the primary reporting entity for the Gerald group, a private company incorporated in England and Wales. 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. The ultimate controlling party is filed by Gerald Group Limited with Companies House and can be located at [www.gov.uk](http://www.gov.uk).

**2. BASIS OF PRESENTATION**

The financial statements have been prepared in accordance with UK adopted International Accounting Standards and International Financial Reporting Standards (“IFRS”) as adopted by the International Accounting Standards Board (IASB). 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. In preparing this report the directors have taken advantage of the small companies exemptions provided by Sections 382 to 384 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 Gerald Group as of 31 December 2022. 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 Group 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 January 1, 2022. The following have been applied for the first time in 2022.

Effective for annual periods beginning on or after		
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

**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 application of the amendment did not have material impact on the financial statements.



**3. ADOPTION OF NEW AND REVISED STANDARDS (continued)****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 application of the amendment did not have material impact on the financial statements.

**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 application of the amendment did not have material impact on the financial statements.

**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 17	Insurance Contracts	January 1, 2023
IAS 1 (amendments)	Classification of Liabilities	January 1, 2023
IAS 1 (amendments)	Materiality of Accounting Policy Disclosure	January 1, 2023
IAS 8 (amendments)	Definition of Accounting Estimates	January 1, 2023
IAS 12 (amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
IFRS 16 (amendments)	Lease Liability in a Sale and Leaseback	January 1, 2024
IAS 1 (amendments)	Non-current Liabilities with Covenants	January 1, 2024

**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.

**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.

**Amendments to IAS 1 – Materiality of Accounting Policy Disclosure**

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies. The Company does not expect any significant changes to the financial statements upon the adoption of the IAS.

**3. ADOPTION OF NEW AND REVISED STANDARDS (continued)****Amendments to IAS 8 – Definition of Accounting Estimates**

This amendment replaces the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The Company does not expect any significant changes to the financial statements upon the adoption of the IAS.

**Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

These amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise in initial recognition. The Company does not expect any significant changes to the financial statements upon the adoption of the IAS.

**Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback**

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The Company does not expect any significant changes to the financial statements upon the adoption of the amendment.

**Amendments to IAS 1 – Non-current Liabilities with Covenants**

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Company does not expect any significant changes to the financial statements upon the adoption of the amendment.

**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 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

**Fixed assets**

Fixed assets are carried at cost less accumulated depreciation and any accumulated impairment losses. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

Depreciation is provided on a straight-line basis over the following estimated useful life of the assets:

Leasehold and building improvements	Lease term
Computer equipment	3 years
Furniture, Fixtures, Equipment, and Automobiles	3 - 5 years

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

The Company assessed whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted using the rate implicit in the lease. If this rate cannot be readily determined the lessee uses its incremental borrowing rate. The lease liability is included in accrued expenses and other liabilities or loan and other long-term liabilities on the balance sheet, depending on their maturity.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term or useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement of the lease and is included as an expense in the statement of comprehensive income. Right-of-use assets are included in other current assets or other assets in the balance sheet depending on their maturity.

Leases are no longer considered enforceable when the lessee and lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

**Impairment of tangible assets**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets 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.

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.

**Derivative financial instruments**

The Company may enter into derivative contracts to manage certain risks resulting from fluctuations in commodity prices. Derivative instruments are recorded in the balance sheets as either assets or liabilities and marked-to-market daily with unrealized gains and losses recorded in cost of goods sold in the statements of comprehensive income.

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

Market value of derivatives is recorded on a trade-date basis. These amounts include unrealized gains and losses from exchange traded futures and options, amounts due to/from trading counterparties, derivative over the counter ("OTC") swaps, forwards and options and amounts due to/from commodity clearing organizations. Unrealized gains and losses on OTC derivative transactions reflect amounts which would be received from or paid to a third party upon liquidation of these OTC derivative transactions and are reported separately as assets and liabilities unless a legal right of set-off exists and the Company intends to net settle. All derivatives are carried at fair value. Revenues are recognized on a trade-date basis and include realized gains and losses and the net change in unrealized gains and losses.

Futures and exchange traded option transactions are recorded as contractual commitments on a trade-date basis and are carried at fair value based on exchange quotations. Derivative commodity swaps and forward transactions are accounted for as contractual commitments on a trade-date basis and are carried at fair value derived from dealer quotations and underlying commodity exchange quotations. Derivative OTC options purchased and written are recorded on a trade-date basis. Derivative OTC options are carried at fair value based on the use of valuation models that utilize, among other things, current interest, commodity and volatility rates as applicable.

For long dated forward transactions, fair values are derived using internally developed valuation methodologies based on available market information.

Where market rates are not quoted or where Management deems appropriate, current interest, commodity and volatility rates are estimated by reference to current market levels. Given the nature, size and timing of transactions, estimated values may differ from realized values. Changes in the fair value are recorded in the statement of comprehensive income.

**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.

**Inventories**

Inventories mainly consist of ferrous metal products and are recorded on a trade-date basis. They are carried at fair value less costs to sell. Any changes in fair value are recognised in the statement of comprehensive income in the period of the change.

**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.

**Bank borrowings**

Interest-bearing bank loans and overdrafts are initially measured at fair value, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

**Borrowing costs**

All costs are recognized in the statement of comprehensive income in the period in which they are incurred.

**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.

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

**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.

**Cost of goods sold**

Includes the purchase price of the products sold, as well as the costs of purchasing, storing, and transporting the products. It also includes the changes in mark to market valuation of inventories, all derivatives and forward contracts.

**Expense recognition**

Expenses are recognized in the period when they are incurred.

**Retirement benefit costs**

Payments to retirement benefit plans are charged as 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 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.

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

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.

Dividend income is recognized when the right to receive payment is established.

**Investments in subsidiaries**

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

**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 allowances, depreciation, taxes and provisions.

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 not identified any judgments that have a significant effect on the amounts recognized in the financial statements.

Allowances - During the period ended 31 December 2022, the Company did not record any allowance (2021: nil)

**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. GROSS COMMODITY TRADING MARGIN**

The gross commodity trading margin on the statement of comprehensive income includes revenue from the supply of goods provided to third parties. In 2022, USD 14,878 (2021: USD 22,796) was recorded in sales.

**7. PROFIT BEFORE TAX**

The table below includes components of the operating income and expenses.

	Year ended 31 December 2022	Year ended 31 December 2021
Interest income	64	10
Interest expense	(222)	(142)
Interest expense on lease	(55)	(84)
General administrative and other expenses (Note 8)	(7,191)	(7,186)
Management fee income	7,324	7,804
	<u>(80)</u>	<u>402</u>

**8. GENERAL ADMINISTRATIVE AND OTHER EXPENSES**

	Year ended 31 December 2022	Year ended 31 December 2021
Salaries and benefits (Note 9)	(5,483)	(5,499)
Depreciation and impairment	(13)	(13)
Rent - amortized office lease (Note 21)	(539)	(539)
Auditors' remuneration - audit services	(40)	(40)
Other administrative costs	(1,116)	(1,095)
	<u>(7,191)</u>	<u>(7,186)</u>

Other administrative costs include the office rent and other office expenses.

**9. EMOLUMENTS OF DIRECTORS AND STAFF PARTICULARS**

	Year ended 31 December 2022	Year ended 31 December 2021
Directors salaries	(14)	(15)
Employee salaries	(4,631)	(4,663)
Employee payroll taxes	(634)	(602)
Employee pension	(178)	(192)
Employee benefits	(26)	(27)
	<u>(5,483)</u>	<u>(5,499)</u>

Directors' emoluments of USD 14 were paid for the year ended 31 December 2022 (2021: USD 15). There was an average of 33 persons employed by the Company during the year ended 31 December 2022 (2021: Average of 33 persons).

**10. TAXATION****a) Tax**

The total tax charge is made up as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
<b>Total tax charge</b>		
UK corporate tax	-	-
<b>Total tax charge</b>	<u>-</u>	<u>-</u>

**b) Factors affecting total tax charge**

	Year ended 31 December 2022	Year ended 31 December 2021
Comprehensive (loss) / income for the year	(801)	2,268
Theoretical tax at UK corporation tax rate of 19.00% (Dec 2021: 19.00%)	152	(431)
Change in unrecognised deferred tax	<u>(152)</u>	<u>431</u>
<b>Total tax charge</b>	<u>-</u>	<u>-</u>

The Company has unrecognised deductible temporary differences carried forward of USD 16,550 (2021: USD 15,749).

**11. INVESTMENTS IN SUBSIDIARY**

	31 December 2022	31 December 2021
Balance as at 1 January	18,742	18,742
Contribution	-	-
<b>Balance as at 31 December</b>	<u>18,742</u>	<u>18,742</u>

The Company has investments in the following subsidiaries:

Name of interest	Principal activities	Country of registration	Ordinary shares %
Gerald Metals Limited	Investment holding company	England and Wales	100

Gerald Metals Limited is a private company with its registered office at One Strand, Grand Buildings, Trafalgar Square, London WC2N 5HR, England.

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



**12. OTHER CURRENT ASSETS**

	31 December 2022	31 December 2021
Prepaid expense	160	139
Sundry receivables	217	688
Short-term lease assets	511	537
	<u>888</u>	<u>1,364</u>

**13. INVENTORY**

	31 December 2022	31 December 2021
Ferrous Metals	545	1,957
	<u>545</u>	<u>1,957</u>

As of 31 December 2022, substantially all inventories were pledged as security for financing (2021: USD 1,957).

**14. DERIVATIVE FINANCIAL INSTRUMENTS**

GUK enters into master netting agreements with commodity clearing brokers and has the contractual right of set-off for certain swaps and forwards. Those financial instruments under master netting agreements and agreements with the right of offset whereby GUK intends and has the present ability to settle net are presented as net amounts by counterparty.

	31 December 2022	31 December 2021
Assets		
Unrealised gains on swaps and forwards	275	54
Liabilities		
Unrealised losses on swaps and forwards	(369)	(139)
Net derivative liability	<u>(94)</u>	<u>(85)</u>

**15. TRADE AND OTHER PAYABLES**

	31 December 2022	31 December 2021
Trade payables	118	85
Lease liability	526	580
Accrued expenses	331	324
	<u>975</u>	<u>989</u>

**16. LOANS PAYABLE TO BANKS**

Bank overdrafts are composed as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Bank overdrafts	602	-
	<u>602</u>	<u>-</u>

During the year ended 31 December 2022 the interest rates on bank overdrafts generally ranged from 1.96% to 2.38% per annum (2021: nil). As of 31 December 2021, the Company did not have any loans payable to banks.

The Company's Management considers that the carrying amount of bank overdrafts approximates their fair value, due to their short-term nature. (See also Note 19 for disclosure on interest rate risk).

The Company was in compliance with all its corporate and financial covenants as of 31 December 2022 (2021: nil).

**17. SHARE CAPITAL**

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Authorised, issued and fully paid:</b>		
35,000,000 ordinary shares of USD1 each and 2 shares of GBP1 each	<u>35,000</u>	<u>35,000</u>

**18. ADDITIONAL PAID IN CAPITAL**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Additional paid in capital	<u>40,852</u>	<u>40,852</u>

**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company derives a substantial portion of its revenue from market making and merchant trading activities principally in base, ferrous and precious metals. The Company also earns trading profits by structuring and executing transactions that, in addition to the underlying supply of metal, also provide services that allow its counterparts to manage the portion of their business risks associated with the commodities the Company is trading with the counterpart. In addition, as part of its normal market making activities the Company may from time to time have positions in the form of physical inventories or simply price exposures in anticipation of future market conditions. These positions may be made up of any of the following instruments: physical contracts, OTC contracts, options, forwards and futures.

These financial instruments represent contracts with counterparts whereby payments are linked to or derived from market indices or are based on fixed terms described in the instrument contract, which are typically settled either by physical delivery or may be financially settled with the counterpart.

Forward and future transactions are contracts for future delivery in which the counterpart agrees to make or take delivery at a specified price or on the basis of a pricing formula. Derivative commodity swap transactions may involve the exchange of fixed and floating payment obligations without the exchange of the underlying commodity.

Options which are either exchange traded, OTC traded, or directly negotiated between counterparts, provide the holder with the right to buy from or sell to the writer an agreed amount of commodity, at either a specified strike price or at a strike price determined based on an agreed upon index, at a specified period of time. As a writer of options, the Company generally receives an option premium and manages the risk associated with that option by either entering into an opposing position with a counterpart or an exchange, or by managing (delta hedging) the change in the value of the underlying commodity in respect of the option value and strike.

Components of the Company's business could be impacted by various external factors namely, political events, unfavourable action by governments, natural catastrophes, and other macroeconomic events like recession. It is the Company's policy to actively manage such risks in order to mitigate the impacts where possible. The Company manages its capital to ensure that entities in the Company 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 debt, which includes the borrowings disclosed in notes, cash and cash equivalents and equity attributable to the shareholder of the parent.

The Company's activity is exposed to a number of financial risks arising from external factors. These include market risks relating to foreign currency exchange rates, interest rates, commodity prices, credit risks, and liquidity risks. The Gerald group's overall risk management program focuses on the unpredictability of financial markets, flexibility retention, while seeking to minimize any potential adverse effects on the Company's financial performance. A main component of the risk management strategy is the utilization of financial instruments to hedge these risks in order to mitigate the associated exposures.

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:

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

31 December 2022	Notes	Measured at fair value through P&L	Financial instruments measured at amortised cost	Total Carrying Amount
Financial assets				
Cash and cash equivalents		-	287	287
Trade and other receivables		-	45	45
Accounts receivable from affiliated companies	20	-	14,581	14,581
Other current assets	12	-	888	888
Derivative financial instruments	14	275	-	275
Financial liabilities				
Loans payable	16	-	(602)	(602)
Trade and other payables	15	-	(975)	(975)
Accounts payable to affiliated companies	20	-	(27,656)	(27,656)
Derivative financial instruments	14	(369)	-	(369)
		<u>(94)</u>	<u>(13,432)</u>	<u>(13,526)</u>
31 December 2021	Notes	Measured at fair value through P&L	Financial instruments measured at amortised cost	Total Carrying Amount
Financial assets				
Cash and cash equivalents		-	1,883	1,883
Trade and other receivables		-	-	-
Accounts receivable from affiliated companies	20	-	10,919	10,919
Other current assets	12	-	1,364	1,364
Derivative financial instruments	14	54	-	54
Financial liabilities				
Loans payable	16	-	-	-
Trade and other payables	15	-	(989)	(989)
Accounts payable to affiliated companies	20	-	(27,206)	(27,206)
Derivative financial instruments	14	(139)	-	(139)
		<u>(85)</u>	<u>(14,029)</u>	<u>(14,114)</u>

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

Market risk

Market risk is the risk arising from possible market price movements and their impact on the future performance of a business. The Company's activities expose it primarily to the financial risks from changes in commodity prices, foreign currency exchange rates, and in interest rates. The Company enters into a variety of derivative financial instruments to manage its exposure to commodity price and foreign currency risks, including forward contracts, futures and over the counter contracts on commodities, and forward contracts on foreign exchange rates to hedge the exchange rate risk arising from specific trading transactions.

Foreign currency risk

The Company is exposed to the effects of fluctuations in exchange rates of foreign currencies such as EUR, and GBP. However, where possible, the Company enters into foreign exchange contracts to hedge against this currency exposure. As of 31 December 2022 and 2021 the exposure for the Company by currency was assessed as negligible.

Interest rate risk

During the year ended 31 December 2022 the interest rates on bank overdrafts generally ranged from 1.96% to 2.38% per annum (2021: nil). As outlined in note 20 a majority of interest expense is the result of related party transactions. Such transactions are charged at a rate of LIBOR plus 0.25% in 2021. Management considers the Company's exposure to this risk as negligible.

**19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** *(continued)*

*Commodity price risk*

Market risk arises from the potential for changes in the value of physical and financial instruments resulting from fluctuations in prices and basis for base and precious metals. Market risk is also affected by changes in volatility and liquidity in markets in which these instruments are traded.

It is the Company's policy to substantially hedge its inventories, foreign exchange and commitments for forward deliveries of metal. For this purpose, the Company enters into forward physical contracts, exchange-traded and over the counter commodity futures that are carried in the books at their market value. The commodity transactions denominated in foreign currency are hedged through the use of foreign exchange contracts. The Company has not elected to apply hedge accounting as defined by IFRS 9. Therefore, the Company follows the guidance of IFRS 9 and recognizes derivative instruments as either assets or liabilities on the financial statements and measures those instruments at fair value through profit and loss. The unrealized gains and losses are recorded through the statement of comprehensive income.

As of 31 December 2022 and 31 December 2021 the Company held both physical or forward positions, including physical inventories, futures, options and physical forward contracts.

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 cash and cash equivalents, trade receivables, and the derivative financial instruments.

As of 31 December 2022, the aggregate maximum credit exposure with all counterparties was USD 16,076 thousand (2021: USD 14,220 thousand) referring to the carrying value of financial assets in the schedules above.

The Company's cash and cash equivalents are deposited in several high-quality financial institutions thereby mitigating exposure should any one of them experience financial difficulties.

For 2022 and 2021 all credit losses were immaterial.

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 and liquidity requirements. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of credit arrangements (typically uncommitted trade finance facilities), and the ability to close out market positions. The Company manages liquidity risk associated with derivative contracts on a portfolio basis, considering both physical commodity sale and purchase contracts together with financially-settled derivative assets and liabilities.

**20. RELATED PARTY TRANSACTIONS**

The Company had the following related party transactions and balances:

	Year ended 31 December 2022	Year ended 31 December 2021
<b>Interest income</b>		
Gerald Limited	-	4
	<u>-</u>	<u>4</u>
<b>Interest expense</b>		
Gerald Metals Limited	-	(53)
Gerald Metals SARL	(199)	(51)
	<u>(199)</u>	<u>(104)</u>
<b>Management fee income</b>		
Gerald Metals SARL	4,646	4,693
Gerald Metals LLC	2,678	3,111
	<u>7,324</u>	<u>7,804</u>

Interest income and expense are charged and credits on intercompany receivables and payables at a rate of LIBOR plus 0.25%.

GUK charged management fee income to Gerald Metals SARL ("GMSARL") and Gerald Metals LLC for the cost of its personnel used in the operation of the respective companies.

	31 December 2022	31 December 2021
<b>Accounts receivable from affiliated companies</b>		
Gerald Metals LLC	11,974	9,265
Gerald Limited	1,662	1,654
Gerald Metals SARL	945	-
	<u>14,581</u>	<u>10,919</u>
<b>Accounts payable to affiliated companies</b>		
Gerald Metals Limited - Intercompany loan	20,513	20,518
Gerald Metals SARL - Intercompany loan	-	6,309
Gerald International Ltd	7,106	379
Gerald Group Limited	37	-
	<u>27,656</u>	<u>27,206</u>

**21. LEASE**

The Company has lease for its office premise. Depending on the location and market terms, lease are negotiated for an average term of 5-10 years and may contain options to extend for a further term at the then prevailing market rate. Rentals are fixed, when possible or practicable.

As of December 31, 2022 the net book value of recognized right-of-use assets relating to office premise was USD 346 thousand (2021: USD 850 thousand). The depreciation charge for the period relating to those assets was USD 530 thousand (2021: USD 537 thousand).

	<b>Office</b>
<b>Cost</b>	
Balance as at 1 January 2021	2,461
Additions	-
Balance as at 31 December 2021	2,461
Additions/Other	26
Balance as at 31 December 2022	2,487
<b>Accumulated depreciation</b>	
Balance as at 1 January 2021	(1,074)
Change for the year	(537)
Balance as at 31 December 2021	(1,611)
Change for the year	(530)
Balance as at 31 December 2022	(2,141)
<b>Carrying amount</b>	
At 31 December 2021	850
At 31 December 2022	346

As of the reporting date, the Company had outstanding commitments for future minimum lease payments, which fall due as follows:

	<b>31 December 2022</b>
No later than 1 year	526
Later than 1 year and no later than 5 years	109
	<u>635</u>
	<b>31 December 2021</b>
No later than 1 year	580
Later than 1 year and no later than 5 years	620
	<u>1,200</u>