Faberge (UK) Limited

Report and Financial Statements

for the year ended 31 December 2021

Company Number: 06236931

Contents

General Information

Country of Incorporation
England

Legal Form
Limited company

Directors
David Lovett
Sean Gilbertson
Claude Reininger (resigned 31 March 2022)
Ian Jones (resigned 30 July 2021)
Antony Lindsay
Josina von dem Bussche-Kessell
Robin Griffiths (appointed 11 November 2021 and resigned 20 December 2021)

Secretary
Toby Hewitt

Date of Incorporation
3 May 2007

Registered Office
1 Cathedral Piazza
London
England
SW1E 5BP

Auditor
BDO LLP
55 Baker Street
London
W1U 7EU

Bankers
Barclays Bank PLC
Baker Street
Leicestershire
LE87 2BB

HSBC Bank PLC
70 Pall Mall
London
SW1Y 5E

Comparative information
The financial statements have been prepared for 12 months ending 31 December 2021. Comparative results are for the 12 months ending 31 December 2020.

Strategic Report

Principal activity
The principal activities of Faberge (UK) Limited (the "Company") are management of the Fabergé brand and global sales operations.

Strategy
The objective of the company is to grow sales while controlling expenses to maximise shareholder's investment. This will be achieved through a combination of increasing awareness of the Fabergé brand through advertising, marketing, and trade events, delivering award-winning jewellery and timepieces, and controlling expenditure and cash flow.

Business Review
Revenue for the year ended 31 December 2021 amounted to £13,452,520 (2020: £5,368,342). The loss for the year ended 31 December 2021 after taxation amounted to £456,651 (2020: profit - £216,037).

Product Development
Fabergé's best-selling jewellery lines were expanded, further building the customer offering based around the iconic Fabergé egg motif and championing coloured gemstones.

The Year Ahead
In 2022 Fabergé has seen a continued recovery from the market downturn caused by the impact of restrictions related to Covid-19, driven by a focus on digital marketing and in the wholesale division. The business has expanded its global retail footprint, with multi-brand retail openings in the US, Europe, the Middle East and South-East Asia. Fabergé has also entered into partnerships with the *James Bond* and *Game of Thrones* brands, to build on the success of the sale of the *Game of Thrones Dragon Egg* in early 2022. Coloured gemstone-set fine jewellery collections will remain at the heart of advertising campaigns, allowing Fabergé to seek and utilise synergies with its parent company Gemfield's marketing and continue to promote the brand's concept of *A Life in Colour.*

Principal risks and uncertainties

Economic environment
There are several risks and uncertainties that can influence consumer demand and impact the performance of the Company, some of which are beyond the control of Fabergé and its Board. These include the general economic environment and the cyclical nature inherent in the luxury goods sector.

The exposure to the cyclicality of any one market is partially mitigated by the Company's diversification, both by sales channel and by product, and by the Company's portfolio of products (see the description of the Distribution model in the Directors Report).

The Company's management closely monitor market trends and risks on an ongoing basis. These trends and risks are the focus of monthly management meetings where the business' performance is assessed versus budget, forecast and prior year.

Liquidity risk
Liquidity risk arises from the Company's management of working capital and principal repayments on its debt instruments. It represents the risk that the Company will encounter difficulty in meeting its financial obligations.

The Company's policy is to ensure sufficient cash levels to allow it to meet its liabilities, excluding those due to other group companies, when they become due. The amounts due to other group companies are not expected to be settled in the 12 months after approval of these financial statements. To achieve this aim, the Company's performance against budget and associated cash flow forecast is evaluated monthly. At the reporting date, these projections indicated that the Company expected to have sufficient liquidity to meet its obligations under all reasonably expected circumstances, given that the Company has received confirmation of full financial support from its parent company, Gemfields Limited.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is Company policy, implemented locally, to assess the credit risk of new customers before entering into contracts.

Strategic report (continued)

Other risks

Although Fabergé has grown its online business since the Covid-19 pandemic started, the mainstay of revenue generation is attributed to offline/bricks and mortar points of sales (both own-operated and partner operated), therefore the potential for future spikes in case numbers, leading to more lockdowns and travel restrictions, would have a detrimental impact Fabergé's ability to generate revenue.

On behalf of the Board

Antony Lindsay, Director

Date: 23 December 2022

Directors' Report

The Directors present their report and financial statements for the year to 31 December 2021.

Results and dividends

The results for the year are shown in the Statement of Comprehensive Income on page 12. The Directors do not recommend payment of a dividend (2020 – GBP nil).

Principal activity

The principal activities of Fabergé (UK) Limited (the "Company") are management of the Fabergé brand and sales operations in the United Kingdom, Europe, the Middle East, and Asia.

Distribution model

The Company presently relies on a combination of online sales, a directly operated boutique at the Company's headquarters in London, a concession in Harrods, London, wholesale sales and international direct-client sales. The focus of the Company during the reporting period was to expand the range of products which would attract retail and wholesale clients from different countries, to expand its global retail presence and initiate innovative marketing activities to attract new potential customers and retain the existing clientele.

Product design

Fabergé continually faces competition in the markets in which it has a presence. The competitive environment in any one market is a function of several factors including the number of competitors, the economic and demand characteristics of that market and the reputation and awareness of the brand.

The strategy of the Company relies on creating products attractive to its target customers, and which will motivate them to develop an enduring relationship with Fabergé. If this strategy fails either wholly or partially, the Company will suffer a material adverse impact. The Directors seek to mitigate this risk by developing product ranges which meet demand in the chosen markets.

Research and Development

During the year, the Company has incurred £24,624 (2020: £36,543) of research and development cost in respect of the design and prototyping of new products, which has been expensed through the Statement of Comprehensive Income.

Going Concern

The Company generates revenue through sales of jewellery and timepieces to direct end-consumers, wholesale accounts, and other Gemfields Group Limited entities. The Company recorded a loss for the year of £456,651 and has net liabilities of £44,727,621 as at 31 December 2021 and therefore is contingent upon support from its ultimate parent undertaking, Gemfields Group Limited, to meet its liabilities as they fall due. The Company's operations are supported by a working capital loan facility from Gemfields Limited, which has confirmed that it intends to provide financial resources to Fabergé (UK) Limited where requested, for at least 12-months from the date of signing these financial statements, whilst the Company remains a subsidiary of Gemfields Limited and subject to the Group's ability to provide these financial resources.

The Company's ability to continue to operate as a going concern should therefore be assessed in conjunction with Gemfields Group Limited, and its subsidiaries (together the 'Group'), as its viability is dependent upon the ability of the Group to provide for its working capital needs. The Group's main source of revenue and cash inflows is through emerald and ruby auctions.

In 2020, the Group was significantly impacted by the Covid-19 pandemic, with mine operations and auctions halted for most of the year. 2021 saw the easing of various Covid-19 related lockdowns across the globe. This allowed the Group to recommence operations at both mines and hold auctions using a new online bidding platform. The recovery in the coloured gemstone market is evident, with both the emerald and ruby auctions achieving record-breaking revenues for 2021. The Group achieved total revenues for 2021 of US$257.7 million, significantly improving the Group's net cash position to US$63.0 million at 31 December 2021. Further auction revenues of US$149.4 million and US$166.7 million were achieved in 2022 by Kagem and MRM respectively.

With confidence continuing to grow that the world is reaching the pandemic endgame, and following the record auction results of 2021, the Directors believe that any full-scale suspension of operations, akin to those seen in 2020 and 2021, is highly unlikely with a return to the normal schedule of six auctions per year from 2022 onwards. Further, the Director's remain confident in the current high-level of market demand for gemstones. For the auctions held in 2021 and through 2022 to date, the Group saw an increase in both the number of customers participating in the online bidding and the number of bids per schedule compared to pre-2021 levels. Given the above, the Directors believe that there are no indicators that the current levels of gemstone pricing will not be achieved in 2023 and beyond.

Directors' report (continued)

Going concern (continued)
Another significant assumption in the going concern assessment is that the financing facilities at the Group's mines will remain in place throughout the measurement period to 31 December 2023. The Group did not breach any covenants within the 2021 measurement period and under the Group's base case forecast it has sufficient cash to operate for the next 24-months without the renewal of its overdraft facilities. Consequently, the availability of such financing facilities no longer represents a material uncertainty in respect of going concern.

As part of the going concern assessment the Directors of the ultimate parent company completed a detailed risk assessment of potential future adverse impacts resulting from the pandemic, Geopolitical risks in Mozambique or other scenarios, which considered several different forecast scenarios for the period through to 31 December 2023. Under the base case forecast the Group has sufficient cash to meet its liabilities as they fall due throughout the going-concern assessment period.

Based on the results of the assessment completed, which was included in the Group interim results announcement on 29 September 2022, the Directors of the ultimate parent company have concluded that the operations and activities of the Group will remain viable for the foreseeable future and that the Group has sufficient cash to meet its obligations as they fall due (including providing intercompany funding).

On the basis of this Group conclusion, and the confirmation of ongoing parental support as required, the Directors of the Company have concluded that it is appropriate to prepare these financial statements on a going concern basis.

Directors' statement as to disclosure of information to auditors
The Directors who were members of the Board at the time of approving the Directors' report are:

David Lovett
Sean Gilbertson
Claude Reininger (resigned 31 March 2022)
Antony Lindsay
Josina von dem Bussche-Kessell
Robin Griffiths (appointed 11 November 2021 and resigned 20 December 2021)

Having made enquiries of fellow Directors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information relevant to the preparation of the financial statements of which the Company's auditor is unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

Statement of Directors' responsibilities
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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 those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies 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.

On behalf of the Board

Antony Lindsay, Director

Date: 23 December 2022

Independent Auditor's Report to Members of Fabergé (UK) Limited
Qualified opinion on the financial statements In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Faberge (UK) Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Basis for qualified opinion
As outlined in further detail in Note 1 of the financial statements, the Directors identified that the accounting records of the Faberge sub-group (including that of the Company) were incomplete regarding recording the transfer of goods between associated companies. Although the Directors have recreated the accounting records in respect of these previously omitted transactions, we have been unable to obtain sufficient appropriate audit evidence in respect of the existence or completeness of these transactions due to inability to rely on system reports or obtain third party corroborating documents.

Consequently, we were unable to obtain sufficient, appropriate audit evidence over the following financial statement captions; Inter-company revenue, inter-company cost of goods sold, amounts due from intercompany parties and amounts due to intercompany parties. Given these balances impact the loss before tax, we are similarly unable to obtain sufficient evidence over the associated tax impact of such transactions and therefore to conclude upon deferred taxation and the taxation credit for the year.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence
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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF FABERGÉ (UK) LIMITED (CONTINUED)

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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning certain financial statement captions namely, inter-company revenue, inter-company cost of sales and the tax charge for the year ended 31 December 2021 and amounts due to intercompany parties, amounts due from intercompany parties and deferred taxation as at 31 December 2021. We have concluded that where the other information refers to related balances (including profit before tax and profit after tax), it may be materially misstated for the same reason.

Qualified opinion on other Companies Act 2006 reporting

In our opinion, except for matters related to those financial statement areas highlighted in the basis for qualified opinion section of our report, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's Report.

With the exception of balances referred to in the Strategic Report and Directors Report impacted by those financial statement areas highlighted in the basis for qualified opinion section of our report, we have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Extent to which the audit was 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:

- Holding discussions with management and the General Counsel of the ultimate group undertaking and considering any known or suspected instances of non-compliance with laws and regulations or fraud;

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF FABERGÉ (UK) LIMITED (CONTINUED)

- Gaining an understanding of the laws and regulations relevant to the Company and the industry in which it operates, through discussion with management and our knowledge of the industry. These included the the financial reporting framework, UK Companies Law and tax legislation in the UK;
- Communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remaining alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- Assessing the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. In response our procedures included, but were not limited to;
  - Testing the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud;
  - Performing a detailed review of any year-end adjusting entries and investigating any that appear unusual as to nature or amount;
  - For significant and unusual transactions, investigating the possibility of related parties. Where related party transactions were identified, we made enquiries from management regarding their diligence with respect to these transactions; and
  - Reviewing minutes from board meetings of those charged with governance of the ultimate parent company to identify any instances of non-compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

DocuSigned by:
Scott McNaughton
889EFCC707BB42C...

Scott McNaughton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK

Date: 23 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income
for the year ended 31 December 2021

	Note	*12 Months 31 Dec 2021*	*12 Months 31 Dec 2020*
	Note	**GBP**	**GBP**
Revenue	**4**	13,452,520	5,368,342
Cost of Sales		(8,950,174)	(1,964,799)
Inventory impairment		(1,453,815)	-
Gross Profit		3,048,531	3,403,543
Administrative expenses		(4,952,008)	(4,954,777)
Profit on disposal		1,790,246	-
Foreign exchange on intercompany balances		22,473	(146,055)
Operating loss		(90,758)	(1,697,289)
Finance expense	**7**	(75,279)	(69,571)
Foreign exchange on intercompany loan		(415,774)	2,053,265
(Loss)/Profit before tax		(581,811)	286,405
Corporation tax credit/(charge)	**8**	125,160	(70,368)
(Loss)/Profit for the year attributable to equity holders		(456,651)	216,037
Total comprehensive (loss)/profit for the year		(456,651)	216,037

The notes on pages 16 to 30 form part of these Financial Statements.

Statement of Financial Position
As at 31 December 2021

	Note	*31 Dec 2021*	*31 Dec 2020*
	Note	**GBP**	**GBP**
Assets			
Non-current assets			
Investments	**9**	59,574	-
Property, plant, and equipment	**10**	77,921	118,621
Intangible Assets	**11**	-	20,153
Deferred tax asset	**12**	2,530,258	2,405,098
Trade receivables – intercompany	**12**	36,124,552	32,929,968
		38,792,305	35,473,840
Current assets			
Inventory	**13**	15,026,178	16,818,855
Trade and other receivables	**14**	4,237,893	3,252,247
Cash and cash equivalents	**3**	875,120	595,685
		20,139,191	20,666,787
Total assets		58,931,496	56,140,627
Liabilities			
Current liabilities			
Trade and other payables	**15**	(3,455,272)	(2,348,315)
Loan borrowings - intercompany	**16**	(64,595,901)	(63,810,469)
		(68,051,173)	(66,158,784)
Non-current liabilities			
Trade payables - intercompany	**16**	(35,607,944)	(34,252,813)
Total liabilities		(103,659,117)	(100,411,597)
Net Liabilities		(44,727,621)	(44,270,970)
Share capital	**17**	1	1
Retained deficit		(44,727,622)	(44,270,971)
Net Equity		(44,727,621)	(44,270,970)

The financial statements were approved and authorised for issue by the Board of Directors on 23 December 2022 and were signed on its behalf by Antony Lindsay, Director.

The notes on pages 16 to 30 form part of these Financial Statements.

Statement of Cash Flows
for the year ended 31 December 2021

	Note		*12 Months 31 Dec 2021*		*12 Months 31 Dec 2020*
Cash flows from operating activities			**GBP**		**GBP**
(Loss)/Profit before taxation			**(581,811)**		**286,405**
Adjustments for:					
Inventory impairment	**13**	1,453,815		-	
Depreciation and amortisation	**5**	92,326		416,103	
Interest payable	**7**	-		69,571	
Foreign exchange differences	**5**	417,829		(2,051,597)	
(Increase)/decrease in non-current assets		3,613		-	
Decrease in non-current liabilities		(59,574)		-	
Increase/(decrease) in inventory	**13**	338,862		(2,472,459)	
Increase in receivables		(985,646)		(300,999)	
Increase/(decrease) in payables		1,106,957		(776,366)	
Cash utilised in operations			**2,368,182**		**(5,115,747)**
Net cash utilised in operations			**1,786,371**		**(4,829,342)**
Cash flows utilised in investing activities					
Purchase of property, plant, and equipment	**10**	(35,087)		(163,609)	
Purchase of intangible assets	**11**	-		(12,250)	
Net cash flows utilised in investing activities			**(35,087)**		**(175,859)**
Financing activities					
Loan received from parent		369,658		4,694,302	
Other intercompany financing		(1,839,453)		747,287	
Right of use lease repayment		-		(115,557)	
Interest Paid		-		(53,226)	
Net cash flows from financing activities			**(1,469,795)**		**5,272,806**
Net increase in cash and cash equivalents			281,489		267,605
Cash and cash equivalents at beginning of year			595,685		329,749
Foreign exchange difference			(2,054)		(1,669)
Cash and cash equivalents at end of year			**875,120**		**595,685**

The notes on pages 16 to 30 form part of these Financial Statements.

Statement of Changes in Equity
for the year ended 31 December 2021

	Share capital	Retained deficit	Total
	GBP	GBP	GBP
Balance at 31 December 2019	**1**	**(44,487,008)**	**(44,487,007)**
Profit for the year ended 31 December 2020	-	216,037	216,037
Balance at 31 December 2020	**1**	**(44,270,971)**	**(44,270,970)**
Loss for the year ended 31 December 2021	-	(456,651)	(456,651)
Balance at 31 December 2021	**1**	**(44,727,622)**	**(44,727,621)**

The notes on pages 16 to 30 form part of these Financial Statements.

Notes to the Financial Statements for the year ended 31 December 2021

1. Accounting policies

Basis of preparation

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to the period presented.

The financial statements have been prepared under the historical cost convention which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements present information about the Company only. Group accounts are not presented as the Company is a wholly owned subsidiary undertaking of Gemfields Group Limited ('GGL'), a company registered in Guernsey. Accordingly, these accounts present information about the Company as an individual undertaking and not about its Group. The Company has taken advantage of the exemption available under s.401 of the Companies Act 2006 from preparing consolidated financial statements.

The consolidated financial statements of GGL are available from the Company Secretary at 1 Cathedral Piazza, London, SW1E 5BP, United Kingdom.

Amounts are rounded to the nearest pound-sterling (£).

Limitation of Scope

The Company operates within the Faberge sub-group which includes a number of other wholly owned subsidiaries of the ultimate parent company (Gemfields Group Limited).

The group moves inventory between members of the Faberge sub-group in order to market such goods in different retail units as part of its marketing and sales strategy. In accordance with the revenue recognition policy as disclosed in Note 1, transfer of control of goods passes at the point that goods are received by the acquirer including for transfer of goods between fellow group companies in the manner described above.

It has been identified that, as a result of certain control deficiencies, accounting records within the Faberge sub-group did not reflect all such transfers occurring between related parties during the period. Subsequent to period end, accounting records have been analysed and updated to reflect these omitted transactions with correcting entries recorded accordingly in the financial statements.

The Company's auditors have, however, been unable to satisfy themselves regarding the sufficiency of available audit evidence to support these recorded transactions as described in their qualified audit opinion in the Independent Auditors' Report.

The directors note that any changes to the accounting records resulting from the above do not have a material impact at the ultimate parent company level as, except for the associated tax charges, such transactions eliminate on consolidation. The tax balances impact is not considered material to the Group financial statements.

Going Concern

The Company generates revenue through sales of jewellery and timepieces to direct end-consumers, wholesale accounts, and other Gemfields Group Limited entities. The Company recorded a loss for the year of £456,651 and has net liabilities of £44,727,621 as at 31 December 2021 and therefore is contingent upon support from its ultimate parent undertaking, Gemfields Group Limited, to meet its liabilities as they fall due. The Company's operations are supported by a working capital loan facility from Gemfields Limited, which has confirmed that it intends to provide financial resources to Fabergé (UK) Ltd where requested, for at least 12-months from the date of signing these financial statements, whilst the Company remains a subsidiary of Gemfields Limited and subject to the Group's ability to provide these financial resources.

The Company's ability to continue to operate as a going concern should therefore be assessed in conjunction with Gemfields Group Limited, and its subsidiaries (together the 'Group'), as its viability is dependent upon the ability of the Group to provide for its working capital needs. The Group's main source of revenue and cash inflows is through emerald and ruby auctions.

1. **Accounting policies (continued)**

Going Concern (continued)

In 2021, the Group was significantly impacted by the Covid-19 pandemic, with mine operations and auctions halted for most of the year. 2021 saw the easing of various Covid-19 related lockdowns across the globe. This allowed the Group to recommence operations at both mines and hold auctions using a new online bidding platform. The recovery in the coloured gemstone market is evident, with both the emerald and ruby auctions achieving record-breaking revenues for 2021. The Group achieved total revenues for 2021 of US$257.7 million, significantly improving the Group's net cash position to US$63.0 million at 31 December 2021. Further auction revenues of US$14.9 million and US$166.7 million were achieved in 2022 by Kagem and MRM respectively.

With confidence continuing to grow that the world is reaching the pandemic endgame, and following the record auction results of 2021, the Directors believe that any full-scale suspension of operations, akin to those seen in 2021 and 2021, is highly unlikely with a return to the normal schedule of six auctions per year from 2022 onwards. Further, the Director's remain confident in the current high-level of market demand for gemstones. For the auctions held in 2021 and the first half of 2022, the Group saw an increase in both the number of customers participating in the online bidding and the number of bids per schedule compared to pre-2021 levels. Given the above, the Directors believe that there are no indicators that the current levels of gemstone pricing will not be achieved in 2022 and beyond.

Another significant assumption in the going concern assessment is that the financing facilities at the Group's mines will remain in place throughout the measurement period to 31 December 2023. The Group did not breach any covenants within the 2021 measurement period and under the Group's base case forecast it has sufficient cash to operate for the next 24-months without the renewal of its overdraft facilities. Consequently, the availability of such financing facilities no longer represents a material uncertainty in respect of going concern.

As part of the going concern assessment the Directors of the ultimate parent company completed a detailed risk assessment of potential future adverse impacts resulting from the pandemic, Geopolitical risks in Mozambique or other scenarios, which considered several different forecast scenarios for the period through to 31 December 2023. Under the base case forecast the Group has sufficient cash to meet its liabilities as they fall due throughout the going-concern assessment period.

Based on the results of the assessment completed, which was included in the Group interim results announcement on 29 September 2022, the Directors of the ultimate parent company have concluded that the operations and activities of the Group will remain viable for the foreseeable future and that the Group has sufficient cash to meet its obligations as they fall due (including providing intercompany funding). On the basis of this Group conclusion, and the confirmation of ongoing parental support as required, the Directors of the Company have concluded that it is appropriate to prepare these financial statements on a going concern basis.

Revenue

Revenue is recognised when or as the Company satisfies its performance obligation in relation to a specific contract or agreement. The Company recognises revenue from the sale of finished jewellery, timepieces and objet d'arts by transferring control of a promised good to a customer. This is determined to be when the goods are supplied to the customer. Control is determined to have passed at the point of delivery. There is a single performance obligation being physical delivery at a specified point. Intercompany revenue is recognised on the same basis.

Leases

On inception of a contract the Company assesses whether it contains a lease. The contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period in exchange for consideration. The right to control the use of an identified asset is determined based on whether the Company has the right to obtain all of the economic benefits from the use of the asset throughout the period of use, and if the Company has the right to direct the use of the asset.

Reverse premium and similar incentives received to enter into operating lease agreements are released to profit or loss over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate.
Premiums paid on the acquisition of short leasehold properties are transferred to profit or loss on a straight-line basis over the shorter of period to the first rent review or over the length of the lease.

Impairment of non-financial assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e., the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

1. Accounting policies (Continued)

Impairment of non-financial assets (continued)
Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e., the smallest Company of assets in which the asset belongs for which there are separately identifiable cash flows).

Impairment charges are included in the administrative expenses in the statement of comprehensive income, except to the extent they reverse gains previously recognised in the statement of changes in equity.

Investments in subsidiaries
Unlisted investments are carried at cost less provision for impairment. Investments are reviewed for impairment if events or changes indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant cash generating unit, or disposal value if higher.

Property, plant, and equipment
All items of property, plant and equipment are initially recognised at cost and subsequently carried at depreciated cost.

Depreciation
Depreciation is provided on all items of property, plant, and equipment to write off the carrying value of items over their expected useful economic lives.

The assessed useful economic lives for individual classes of asset are as follows:

Shorthold Lease Improvements	-	Term of lease
Fixtures and fittings	-	3 years
Computer equipment	-	3 years
Computer software	-	3 years

The carrying values of tangible fixed assets are also reviewed when events or changes in economic circumstances indicate the carrying value may be impaired.

Inventories
Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Financial assets
All financial assets arise principally through the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of contractual monetary assets.

The Company has the following financial assets:
- cash and cash equivalents; and
- trade and other receivables.

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

Trade and other receivables

Trade and other receivables are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest rate method, less any applicable provisions for impairment.

Impairment provisions are recognised when there is objective evidence that the Company will be unable to collect all the amounts due under the term's receivable, the amount of such a provision being the difference between the net carrying amount and the present value of future expected cash flows associated with the impaired receivable. For receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the receivables will not be collectable, the gross carrying value of the asset is written off against the associated provision.

1. Accounting policies (Continued)

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Company can control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that the taxable profit will be available against which the difference can be utilised.
The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/assets are settled/recovered.

Foreign currency transactions and translation

Transactions entered by the Company in a currency other than the currency of the primary economic environment in which they operate are recorded at the rates ruling when the transaction occurred.
Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Financial liabilities

The Company classifies its financial liabilities as trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2. Critical accounting judgements and areas of estimation and uncertainty

In the process of applying the Company's accounting policies, which are described above, the Directors have made judgements, estimations, and assumptions regarding the future. The judgements, estimations, and assumptions that have the most significant effect on the amounts recognised in the financial statements are detailed below.

Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Judgements

Deferred Tax

The recognition of deferred tax assets is based upon whether sufficient and suitable taxable profits will be available in the future within the group of Gemfields Limited and its subsidiary companies, of which Fabergé (UK) Limited is a 100% owned part, against which the reversal of temporary differences can be deducted. Recognition of deferred tax assets therefore involves judgement regarding the future financial performance of the legal entity or tax group in which the deferred tax asset has been recognised and whether other group companies will reimburse the Company for their use of such assets via group relief.

Estimate and assumptions

Deferred Tax

The recognition of deferred tax assets is based upon whether sufficient and suitable taxable profits will be available in the future within the group of Gemfields Limited and its subsidiary companies, of which Faberge UK is a 100% owned part, against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. The amounts recognised in the consolidated financial statements are derived from the Group's best estimation as set out in note 8.

Intercompany Receivables

The recoverability of Intercompany Receivables has been considered based on the lifetime expected credit loss model. This requires different recoverability scenarios to be modelled and the probability of each scenario occurring to be estimated, these are then used to calculate the provision which is set against the Intercompany Receivable balances. Under the revenue recognition criteria the company has to estimate the consideration it expects to be entitled to for goods transferred, therefore assumptions were made at the point of transfer. If a 1% increase in default rate was incorporated in the expected credit loss calculation an increase in the provision of £299,000 would be recorded.

2. Critical accounting judgements and areas of estimation and uncertainty (continued)

Inventory

Inventory relating to finished products and raw materials (stones and metals) are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The Company has engaged a gemmological appraisal laboratory with expertise in gemstone, finished jewellery, and timepiece valuation methodology to determine net realisable value of its inventory. The auction market range within the report is an estimated opinion of the possible highest and lowest values an item can obtain in a competitive auction setting. The Company uses the lowest values within the range and compares these to cost, with a resulting provision booked for the difference if the net realisable value is lower.

3. Financial instruments - Risk Management

General objectives, policies, and processes

The Company considers its capital to comprise its ordinary share capital and accumulated retained deficit. See Statement of Changes in Equity (page 15) for more detail.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the relevant function within the Company. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. It is Company policy, implemented locally, to assess the credit risk of new customers before entering into contracts.

The Company considers there to be no material difference between the remaining fair value of trade and other receivables and their carrying amount in the statement of financial position.

The Company also manages its exposure to credit risk in respect of financial institutions. The Company nominates and approves banks with whom it will deal with. The cash of the Company is held with Barclays Bank plc and HSBC Bank plc.

The Company's other loan receivable balances are loans to employees and rent deposits. The credit risk on loans and rent deposits is low and are not past due.

Maximum exposure to credit risk	*31 December 2021*	*31 December 2020*
	GBP	**GBP**
Amounts due from related parties	36,124,552	32,929,968
Trade receivables	3,978,942	2,867,978
Cash and cash equivalents	875,120	595,685
	40,978,614	**36,393,631**

3. Financial instruments - Risk Management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company aims to maintain cash balances (or agreed facilities) to meet expected payment requirements for a period of at least 60 days. The Company is reliant upon support from its ultimate parent company, Gemfields Group Limited, to fund ongoing commitments. The Company has received confirmation of ongoing support from Gemfields Limited (note 1). Gemfields limited has agreed not to recall its loan and to continue funding the business as required for a period of at least 12 months from the approval of the financial statements.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Total
	GBP	**GBP**	**GBP**	**GBP**	**GBP**
31 December 2020					
Trade payables	373,959	-	-	-	373,959
Amounts payable to Gemfields Limited	-	63,810,469	-	-	63,810,469
Employee benefits	34,447	-	-	-	34,447
	408,406	**63,810,469**	**-**	**-**	**64,218,875**
31 December 2021					
Trade payables	1,470,367	-	-	-	1,470,367
Amounts payable to Gemfields Limited	-	64,595,901	-	-	64,595,901
Employee benefits	99,562	-	-	-	99,562
	1,569,929	**64,595,901**	**-**	**-**	**66,165,830**

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial assets:

	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Total
	GBP	**GBP**	**GBP**	**GBP**	**GBP**
31 December 2020					
Trade Receivables	2,867,978	-	-	-	2,867,978
Amounts due from intercompany parties	-	-	-	32,766,701	32,766,701
	2.867.978	**-**	**-**	**32,766,701**	**35,634,679**
31 December 2021					
Trade Receivables	3,978,942	-	-	-	3,978,942
Amounts due from intercompany parties	-	-	-	36,124,552	36,124,552
	3,978,942	**-**	**-**	**36,124,552**	**40,103,494**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in:

- interest rates (interest rate risk);
- foreign exchange rates (foreign exchange risk); and
- other market factors (price risk).

Interest rate risk

During the reporting period, the Company's exposure to interest rates was limited to the interest-bearing deposits in which the Company invests surplus funds, and the interest on loan from Gemfields Limited. The Company's policy is to invest surplus funds in low-risk money market funds.
Cash and cash equivalents represent 4.35% of the Company's current assets as at 31 December 2021 (31 December 2020: 2.88%).

3. Financial instruments - Risk Management (Continued)

Foreign exchange risk

Foreign exchange risk arises both where sale or purchase transactions are undertaken in currencies other than the functional currencies of the company.

Only in exceptional circumstances does the Company manage its transactional exposure to foreign currency risks through the use of forward exchange contracts.

The Company's exposure to foreign exchange risk on cash and cash equivalents is presented below:

	31 December 2021	*31 December 2020*
	GBP	**GBP**
Cash and cash equivalents	875,120	595,685
Less: Cash and cash equivalents in GBP	(409,615)	(257,244)
Total currency exposure	465,505	338,441
Represented by:		
US Dollars	308,686	282,584
Hong Kong Dollars	340	1,265
Euro	140,336	53,662
Swiss Franc	16,143	930
Total	465,505	338,441

Exposure to foreign exchange risk on trade and other receivables is disclosed in note 14, on trade and other payables in note 15, and on loan borrowings in note 16.

In terms of sensitivity to movements in exchange rates, the Company considers Intercompany Receivables, Payables, and loan amounts payable to Gemfields denominated in USD to be most relevant to foreign exchange fluctuations. The effect of a 10% strengthening of the US dollar against GBP at the reporting date on the US dollar denominated balances carried at that date would, all other variables held constant, have resulted in a decrease of net assets of £7,473,357 (2020: £7,510,753). A 10% weakening in the exchange rate would, on the same basis, have increased post-tax profit and increased net assets by £6,114,565 (2020: £6,145,161).

Price risks

Price risks include pressure on pricing and higher costs. This in turn could lead to impairment of inventory and decreased profitability.

The Company has exposure to price risk from the purchase of raw materials used in its production. The relationship with parent company Gemfields Limited, allows the Company to gain some reasonable foresight into the pricing of Gemstones in the market.

4. Revenue

Revenue arises from:	31 Dec 2021	31 Dec 2020
	GBP	GBP
UK Retail sales	1,317,954	1,099,784
Domestic and international wholesale sales	3,668,060	2,171,124
By-appointment sales	1,578,912	387,427
eCommerce	955,421	573,318
Intercompany sales	5,932,173	1,136,689
	13,452,520	5,368,342

Turnover for the year was £13,452,520 (2020: £5,368,342) on aggregation of all sales channels.

5. Loss from operations

This has been arrived at after charging:	Note	31 Dec 2021	31 Dec 2020
		GBP	GBP
Foreign exchange differences		83,348	286,893
Rent, rates, and utilities		560,131	550,857
Auditors' remuneration		46,104	34,483
Depreciation and Amortisation	**10 & 11**	92,326	416,103
Research and development costs		24,624	36,543

6. Staff costs

Staff costs comprise:	31 Dec 2021	31 Dec 2020
	GBP	GBP
Wages and salaries	1,981,040	1,362,178
Employer's national insurance contributions and similar taxes	164,782	163,235
Recruitment costs	13,930	5,660
Medical insurance	21,103	60,153
	2,180,855	1,591,226

Directors and key management personnel remuneration
Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, including the Directors of the Company listed on page 3.

Sean Gilbertson and David Lovett received no remuneration for their services as Directors of the Company.

Antony Lindsay and Josina von dem Bussche-Kessel were employed by the Company for the year and Claude Reininger was a non-executive director.

	31 Dec 2021	31 Dec 2020
The Directors' and key management personnel aggregate emoluments in respect of qualifying services were:	GBP	GBP
Aggregate emoluments in respect of qualifying services	403,586	333,471
	403,586	333,471

Emoluments of the highest paid Director amounted to £167,440 during the year to 31 December 2021 (2020: £128,039).

7. Finance income and expense

	31 Dec 2021 GBP	31 Dec 2020 GBP
Finance expense		
Right of use interest	-	16,345
Other finance expense	75,279	53,226
	75,279	69,571

8. Taxation on Loss

The company's tax credit / (charge) is as follows:

	31 Dec 2021 GBP	31 Dec 2020 GBP
Current tax		
Taxation charge for year	-	-
Deferred tax		
Origination and reversal of temporary differences (note 12)	(125,160)	70,368
Tax (credit) / expense	**(125,160)**	**70,368**

The tax on loss on ordinary activities is higher (2020: lower) to the standard rate of corporation tax in the UK of 19% (2020: 19%). The charge for the year can be reconciled to the loss per the statement of comprehensive income as follows:

	31 Dec 2021 GBP	31 Dec 2020 GBP
(Loss)/profit on ordinary activities before tax	(581,811)	286,405
Taxation on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	(110,544)	54,417
Effects of:		
Expenses not deductible for tax	1,869	6,792
Permanent difference	(16,485)	9,159
Group relief surrendered	-	-
Total taxation (credit) / expense	**(125,160)**	**70,368**

Deferred tax

Deferred tax is calculated in full on temporary differences under the balance sheet liability method using the applicable tax rate in the respective jurisdictions. Temporary differences between the tax bases and net carrying values arise regarding the effect of differences between tax and accounting depreciation, tax losses and other provisions generated during the year.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The UK corporation tax enacted rate is 19% and accordingly this is the tax rate applied to the UK's deductible temporary differences. In February 2022 the Finance Bill 2021 was enacted which increases the Corporation Tax rate to 25% from 1 April 2023.

9. Investments

	2021 GBP	2020 GBP
Investments in subsidiaries	59,574	-
	59,574	-

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name	Country of incorporation or registration	Proportion of ordinary share capital held at 31 December 2021	Proportion of ordinary share capital held at 31 December 2020	Nature of business
F1842 Fine Jewellery Trading LLC	United Arab Emirates	100%	-	Retail activity and promotion of the Fabergé collection of jewellery and watches

F1842 Fine Jewellery Trading LLC was incorporated during the year. The company owns a direct interest in the entity.

10. Property, plant, and equipment

	Shorthold Lease Improvements GBP	Fixtures and Fittings GBP	Right of Use Land and Building GBP	Computer Equipment GBP	Total GBP
Cost					
Balance at 1 January 2020	205,000	2,563,552	261,664	230,457	3,260,673
Additions	-	*76,044*	*86,076*	*1,489*	*163,609*
Balance at 31 December 2020	205,000	2,639,596	347,740	231,946	3,424,282
Additions	-	*26,909*	-	*8,268*	*35,177*
Disposals	-	-	*(347,740)*	-	*(347,740)*
Balance at 31 December 2021	205,000	2,666,505	-	240,214	3,111,719
Depreciation					
Balance at 1 January 2020	205,000	2,288,880	194,467	224,319	2,912,666
Charge for year	-	*236,537*	*153,273*	*3,185*	*392,995*
Balance at 31 December 2020	205,000	2,525,417	347,740	227,504	3,305,661
Charge for year	-	*71,658*	-	*4,219*	*75,877*
Disposals	-	-	*(347,740)*	-	*(347,740)*
Balance at 31 December 2021	205,000	2,597,075	-	231,723	3,033,798
Net Book Value					
At 1 January 2020	-	274,672	67,197	6,138	348,007
At 31 December 2020	-	114,179	-	4,442	118,621
At 31 December 2021	-	69,430	-	8,491	77,921

11. Intangible Assets

	Computer Software GBP
Cost	
Balance at 1 January 2020	103,248
Additions	*12,250*
Balance at 31 December 2020	115,498
Disposals	*(115,498)*
Balance at 31 December 2021	-
Depreciation	
Balance at 1 January 2020	72,237
Charge for year	*23,108*
Balance at 31 December 2020	95,345
Charge for year	*16,540*
Disposals	*(111,885)*
Balance at 31 December 2021	-
Net Book Value	
At 1 January 2020	31,011
At 31 December 2020	20,153
At 31 December 2021	-

12. Non-current receivables

	31 Dec 2021	*31 Dec 2020*
	GBP	**GBP**
Deferred tax asset	2,530,258	2,405,098
Amounts due from related parties (note 20)	36,124,552	32,929,968
	38,654,810	**35,335,066**

The Deferred tax asset is Pound Sterling denominated. Amounts due from Related Parties is US Dollar denominated

Deferred taxation	*31 Dec 2021*	*31 Dec 2020*
	GBP	**GBP**
At beginning of year	2,405,098	2,475,466
Charged to profit or loss	125,160	(70,368)
At end of year	**2,530,258**	**2,405,098**

13. Inventories

	31 Dec 2021	31 Dec 2020
	GBP	**GBP**
Finished product	14,130,464	16,148,719
Raw material, work in progress and aftersales inventory	895,714	670,136
	15,026,178	16,818,855

£8,950,174 has been recognised as an expense in cost of sales in the Statement of Comprehensive Income during the year (2020: £1,964,799). Included in this number was £5,115,636 of cost of sales to related parties (2020: £590,643).

£nil was expensed as a write-off of non-itemised, historical balances during the year (2020: £nil) and £1,453,815 was expensed in relation to the provision for inventory net realisable value during the year (2020: £nil).

14. Trade and other receivables

	31 Dec 2021	31 Dec 2020
	GBP	**GBP**
Trade and other receivables (due within one year)		
Trade receivables	3,978,942	2,867,978
Prepayments and accrued income	258,951	377,736
VAT	-	6,533
	4,237,893	3,252,247

The fair value of trade and other receivables is the same as the carrying value. The carrying values of trade and other receivables are denominated in the following currencies:

	31 Dec 2021	31 Dec 2020
	GBP	**GBP**
Trade and other receivables currency denomination		
Pound Sterling	1,559,677	885,402
US Dollar	1,891,538	1,770,899
Euro	579,330	503,146
Swiss Franc	34,831	15,725
Canadian Dollar	103,723	31,465
South African Rand	1,067	45,610
UAE Dirham	50,645	-
Australian Dollar	10,082	-
Swedish Krona	6,479	-
Norwegian Krone	521	-
	4,237,893	3,252,247

15. Trade and other payables

	31 Dec 2021	31 Dec 2020
	GBP	**GBP**
Trade payables	1,470,367	373,959
Accruals	899,991	1,200,301
Other payables	1,084,914	774,055
	3,455,272	2,348,315

The fair value of trade and other payables is the same as the carrying value.

The carrying values of trade and other payables are denominated in the following currencies:

	31 Dec 2021	31 Dec 2020
	GBP	**GBP**
Trade and other payables currency denomination		
Pound Sterling	2,448,744	831,917
US Dollar	772,778	1,356,623
Euro	166,538	159,717
Swiss Franc	22,445	-
Canadian Dollar	6,133	-
UAE Dirham	10,091	-
South African Rand	4,233	58
Australian Dollar	3,106	-
Singapore Dollar	2,688	-
Hong Kong Dollar	18,516	-
	3,455,272	2,348,315

16. Loan borrowings

	31 Dec 2021	31 Dec 2020
Current borrowings:	**GBP**	**GBP**
Gemfields Limited (related party) (note 20)	64,595,901	63,810,469
Gemfields Limited (related party) (note 20)		
Opening balance	63,810,469	61,169,432
Loan received	*2,163,609*	*4,694,302*
Intercompany transaction	*(1,793,951)*	-
Foreign exchange adjustment	*415,774*	*(2,053,265)*
Closing balance	64,595,901	63,810,469

The loan payable to Gemfields Limited is a $90m USD facility due on demand however, it is not likely that it will be paid within 12 months. This loan is non-interest bearing.

The intercompany transaction relates to the sale of the intellectual property of software to Gemfields Limited for $2.5m USD in 2021, which was offset against the loan.

	31 Dec 2021	31 Dec 2020
Non-current liabilities:	**GBP**	**GBP**
Amounts due to related parties	35,607,994	34,252,813

Amounts due to Related Parties are US Dollar denominated.

17. Share based payments

Liabilities for cash settled share-based payments comprise:

	31 Dec 2021	*31 Dec 2020*
	GBP	**GBP**
Amounts owed under long term incentive scheme, including national insurance contributions	6,076	6,076
Categorised as: Due after more than one year	6,076	6,076

The value of liabilities relating to the awards that had vested by 31 December 2021 is GBP nil (31 December 2020: GBP nil).

18. Authorised and issued share capital

Authorised share capital

	31 Dec 2021 *GBP*	*31 Dec 2020* *GBP*
1 Ordinary shares of £ 1 each	1	1

Issued and fully paid

	2021 *Number of Shares*	*2021* ***GBP***	*2020* *Number of Shares*	*2020* ***GBP***
Ordinary shares of £1 each	1	1	1	1

19. Reserves

The following describes the nature and purpose of each reserve within shareholders' equity:

Reserve	**Description and purpose**
Share capital	Amount subscribed for share capital at nominal value.
Retained deficit	Cumulative net losses recognised in the statement of comprehensive income.

20. Related party balances

Related party balances are made up of loans received from the parent company; loans advanced to and receivable from intercompany parties; and sales made to related parties. Amounts outstanding at 31 December 2021 include:

GBP	2021	2020
Related party loans receivable		
Amounts due from related parties	48,633	13,049
Amounts due from intercompany parties	35,971,651	32,766,701
Amounts due from parent (non-loan)	104,268	150,218
Total related party loans receivable	**36,124,552**	**32,929,968**

GBP	2021	2020
Related party loans payable		
Amounts due to intercompany parties	30,434,761	29,521,248
Amounts due to parent (non-loan)	5,173,183	4,731,565
Amounts due to parent (loan)	64,595,901	63,810,469
Total related party loans payable	**100,203,845**	**98,063,282**

Related party transactions

The transactions disclosed below are considered related party transactions as each company is a fellow, wholly owned subsidiary of Gemfields Group Limited. Purchases relate to inventory and are reflected in Cost of Sales. During 2021, the Company completed the following transactions:

The Company received working capital loans from parent Gemfields Limited amounting to £2,163,609 (2020: £4,694,302).
The Company revalued the USD denominated loan payable balance through the year to the amount of £415,774 (2020: (2,053,265)).
The Company made sales to related party Faberge Inc to the amount of £2,924,556 (2020: £954,437).
The Company made purchases from related party Faberge Inc to the amount of £1,909 (2020: £5,836).
The Company provided working capital loans to related party Faberge Inc to the amount of £638,702 (2020: £250,024).
The Company made sales to related party Faberge Suisse to the amount of £344,722 (2020: £135,641).
The Company made returns to related party Faberge Suisse to the amount of £Nil (2020: purchases £7,015).
The Company provided working capital loans to related party Faberge Suisse to the amount of £11,898 (2020: £602,676).
The Company made sales to related party F1842 Fine Jewellery Trading to the amount of £2,891,995 (2020: £Nil).
The Company made sales to Gemfields South Africa to the amount of £38,603(2020: £26,297).
The Company made sales to Gemfields Limited to the amount of £Nil (2020: £1,301).
The Company made purchases from parent company Gemfields Limited to the amount of £335,177 (2020: £524,447).

21. Parent undertaking, controlling party and Ultimate parent company

Fabergé (UK) Ltd is a 100% subsidiary of Fabergé Limited, which is wholly owned by Gemfields Limited. The ultimate controlling company is Gemfields Group Limited, a company incorporated in Guernsey.

22. Post balance sheet events

Consideration of the unfolding conflict in the Ukraine:

Following the invasion of Ukraine by Russia, instigated in February 2022, management has considered whether the ongoing conflict presents any immediate material risks to the Company that would prevent it from continuing to operate as a going concern. Management does not believe this to be a significant risk to operations, since the entity has no points of sale or business in Russia, and it is not anticipated that the entity will be directly impacted by any sanctions. However, given the historic links of the brand to Russia, it is estimated that the conflict could have a negative impact on Fabergé's sales during the conflict period. To mitigate this, Fabergé could reduce inventory purchases to maximise cash retention and has taken steps to lower its marketing and advertising spend.