Fabergé (UK) Limited
(formerly Fabergé Services Limited)

Report and Financial Statements

Year to 30 June 2015

Company number: 6236931

Contents

Registered No: 6236931

Information and advisors

Directors
Janet Boyce
David Lovett
Sean Gilbertson (appointed 6 February 2015)
Robert Benvenuto (appointed 16 October 2014; Resigned 12 June 2015)

Secretary
Jesujuwonlo Williams

Auditors
BDO LLP
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London
W1U 7EU

Bankers
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Leicestershire
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54 Jermyn Street
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SW1Y 6LX

Registered No: 6236931

Strategic Report

Principal activity

The principal activities of Faberge (UK) Limited (the "Company") during the year were:

- the provision of advisory services and administrative support in connection with the Fabergé brand to Fabergé Limited and Fabergé Suisse SA; and
- acting as the Fabergé authorised retailer in the United Kingdom.

Business Review

The results for the year were seen by the directors, as reflective of a challenging business environment and change in focus and strategy that the business which it had begun to implement during the second half of the year.

Turnover for the year was £13,558,685 (2014: £11,841,585), representing a combination of sales to other Faberge group companies, retail sales, web sales and wholesale sales. Operating costs remained consistent with the prior year.

Marketing

Fabergé repeated last year's Easter collaboration with Harrods in Knightsbridge, London. In keeping with the tradition of innovation and surprise, Fabergé developed two digital applications to enhance client engagement. The 'Fabergé Egg Burst' allowed visitors to digitally design their own Fabergé egg and have it displayed in the Harrods window for 30 seconds via 3D mapping. In addition, the in-store 'Fabergé Egg Hunt' engaged visitors in hunting for six large collectors' eggs hidden throughout Harrods using their smartphone and a specially designed app.

Fabergé also exhibited at 'Masterpiece London', the prestigious art, antique and design fair, for the first time. As one of only two Salon Partners, Fabergé displayed its legendary creations and their journey from gems to masterpieces by following the creative process from rough stones to finished jewellery and timepieces.

Launch and sale of the first 'Imperial Class' objet d'art.
To mark the 100th anniversary of the last imperial egg commissioned in 1916, Fabergé relaunched the tradition of objects in the Imperial Class. The first such objet, the Fabergé Pearl Egg, was introduced at the Doha International Jewellery Show in March 2015. It was purchased in Doha by Hussain Al Fardan, the renowned Qatari businessman, one of the largest natural pearl collectors in the world.

The second initiative in this class comprises a series of four eggs that reflect each the four seasons. Each egg is designed to carry a surprise on a mechanised platform. The Summer Egg was presented exclusively at the Fabergé salon at Masterpiece London in June 2015.

Year ahead

Fabergé's new advertising campaigns will launch in November 2015 and, combined with the expanded points of presence around the globe, set the stage for further improvements in overall sales and financial performance.

Fabergé is particularly pleased with the reception received for its timepiece and objects collections, and looks forward to monitoring sales for these products as they become available for purchase.

Strategic Report

Results

The loss for the year before taxation was £525,658 (2014: loss of 477,536).

Key Performance Indicators

The key performance indicators that the company uses to assess the performance include sales growth, EBITDA and stock levels.

Sales growth was driven by sales to Fabergé subsidiaries and increased wholesale sales activity, whilst our retail sales through our boutique showed a decrease for the same 12 month period last year. Stock levels have remained consistent with the prior year at £22.8m (2014: £22.9m). The business made investments into new jewellery collections, being (Emotion, Rococo) as part of the strategy to develop its product. New jewellery collections:

- The new charms entry collections were introduced in September 2014;
- The new Rococo and Heritage core collections were launched at Baselworld 2015 in March 2015;
- The 'Secret Garden' high jewellery collection was presented at the International Jewellery Show in Doha in February 2015 and the 'Summer in Provence' high jewellery collection was launched at Baselworld in March 2015; and
- Fabergé also made some sales of large coloured gemstones over the year.

Operating loss margin remained consistent with the prior period (3.9% compared to 4.0% for 2014). Significant spend in research and development has been made during the year in respect of the new timepiece collections which were successfully launched during the year. Our focus is now largely on supporting focused investment in key events and advertisement to promote the visibility of our brand, to subsequently increase our sales.

Principal risks and uncertainties

Up until now the Company has relied upon a combination of retail sales, web sales and wholesale sales as well as international client events in order to generate revenues. Failure of the distribution model either wholly or partially would have a material adverse impact on the Company. Diversification of our distribution channels through focus on our wholesale partners aims to reduce this exposure. The business also continues to maintain close working relationships with our existing wholesale partners, whilst actively seeking to establish new ones.

The competitive environment in any one market is a function of a number of factors including the number of competitors, the economic/demand characteristics of that market, the ease of imports from third countries 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 would suffer a material adverse impact. The Directors seek to mitigate this risk by developing product ranges which meet demand in the chosen markets.

Fabergé are committed to improving financial returns and cash flow in 2016 and beyond, whilst making investment in product development, our distribution network and trade/marketing activity to promote our brand presence. One key marketing initiative executed during the year was a three week campaign in the lead up to Easter within Harrods. The Directors receive cash flow projections on a quarterly basis as well as information regarding cash balances and performance against budget. At the reporting date, these projections indicated that the Company, with full financial support of its parent company Gemfields plc, is expected to have sufficient liquidity to meet its obligations under all reasonably expected circumstances.

Other risks include the ability to create a strategy to enhance Fabergé's value through product design, marketing, and management execution of the strategy while adhering to the ethical standards by which Fabergé aims to operate. This is expected to be strengthened since being acquired by Gemfields plc, where there is transparency in the gemstone sourcing process, in conjunction with the above.

Registered No: 6236931

Strategic Report

Going Concern

The Financial Statements have been prepared on a going concern basis. For more details please refer to Note 1 *Accounting Policies.*

On behalf of the Board

David Lovett
Director
25 September 2015

Directors' report

The Directors present their report and Financial Statements for the year to 30 June 2015.

Information included within the Strategic Report

The following information is included in the Strategic Report:

- Details of the principal activity of the Company
- A review of the business including developments in the year, its performance and current position
- A summary of the principal risks and uncertainty affecting the position; and
- Information relating to the KPIs monitored by the Company

Future Developments

Particular emphasis now is being placed on developing our distribution network, product, people and brand, and focused investment in marketing spend to develop and establish the positioning of the brand within the luxury market. The focus of the Company during the reporting period has been to consider an expansion in range of product to 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.

The budget for 2015/16 incorporates this investment spend, in addition to an assumed organic growth in our sales, particularly driven through our wholesale network.

Research and Development

During the year the Company has incurred £721,263 (2014: £75,181) of research and development cost, in respect of design and prototype of new product which has been expensed through the Profit and Loss account.

Dividends

The Directors do not recommend payment of a dividend (2014 - £ nil).

Financial risk management objectives and policies

The Company is financially supported by Gemfields plc, its parent company.

Management monitor and maintain tight management of cash flow and working capital on an ongoing basis. This involves budgeting and forecasting, changes to purchasing or ordering policies and ongoing negotiation of payment terms with key suppliers.

The Company currently has no borrowings, apart from debt due to other group companies.

Post Balance Sheet Events

There are no post balance sheet events to note.

Related Party Transactions

Details of related party transactions are disclosed in note 15.

Directors' report (continued)

Directors

The Directors who served the Company during the period are listed below:

David Lovett	
Janet Boyce	
Sean Gilbertson	(appointed 6 February 2015)
Robert Benvenuto	(appointed 16 October 2014; Resigned 12 June 2015)

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 listed on page 1. 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.

Auditors

BDO LLP has expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the Annual General Meeting pursuant to s485 of the Companies Act 2006.

On behalf of the Board

David Lovett
Director
25 September 2015

Statement of Directors' responsibilities

The Directors are responsible for preparing the strategic report, directors' report, and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors' must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these 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 applicable UK accounting standards have been followed, 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 prevention and detection of fraud and other irregularities.

Independent auditor's report

to the shareholders of Fabergé Services Limited

We have audited the Financial Statements of Fabergé Services Limited for the year ended 30 June 2015 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's ('FRC's') Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of Financial Statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2015 and of the loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Independent auditor's report

to the shareholders of Fabergé Services Limited (continued)

Scott Knight (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date 25 September 2015

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

Profit and Loss account

for the year ended 30 June 2015

	Note	*30 Jun 2015* £	*30 Jun 2014* £
Turnover	2	13,558,685	11,841,585
Cost of Sales		(5,340,950)	(4,100,626)
Gross profit		8,217,735	7,740,959
Administrative expenses		(8,213,451)	(8,218,495)
Operating loss	3	4,284	(477,536)
Other interest payable and similar charges	6	(529,942)	
Loss on ordinary activities before taxation		(525,658)	(477,536)
Tax on loss on ordinary activities	7	-	-
Loss retained for the financial year	13	(525,658)	(477,536)

All amounts relate to continuing activities.

There are no recognised gains or losses other than the loss for the year.

The notes on pages 12 to 23 form part of these Financial Statements.

Balance sheet
at 30 June 2015

	Note	*30 Jun 2015*	*30 Jun 2015*	*30 Jun 2014*	*30 Jun 2014*
			£		**£**
Fixed assets					
Tangible assets	**8**		167,027		223,357
Current assets					
Stock	**9**	22,809,350		22,923,675	
Debtors	**10**	15,921,882		3,337,365	
Cash at bank		1,088,243		557,592	
		39,819,475		26,818,632	
Creditors: amounts falling due within one year	**11**	(42,390,822)		(28,920,651)	
Net current liabilities			(2,571,347)		(2,102,019)
Net liabilities			(2,404,320)		(1,878,662)
Capital and reserves					
Share capital	**12, 13**		1		1
Profit and loss account	**13**		(2,404,321)		(1,878,663)
Equity shareholders' deficit	**13**		(2,404,320)		(1,878,662)

The Financial Statements were approved and authorised for issue by the Board of Directors on 25 September 2015, and were signed on its behalf by:

David Lovett
Director

The notes on pages 12 to 23 form part of these Financial Statements.

Notes to the financial statements
for the year ended 30 June 2015

1. Accounting policies

Basis of preparation

The Financial Statements are prepared under the historical cost convention in accordance with applicable accounting standards.

Going concern

The Financial Statements have been prepared on the going concern basis. The Company provides services to Fabergé Limited and Fabergé Suisse SA and receives advisory fees from these companies. The Company also runs a boutique in the UK where it sells Fabergé items to retail customers.

Based on the following the Directors believe that there are adequate financial resources for the foreseeable future and that the accounts should be prepared on a going concern basis:

- The company is a 100% subsidiary of Fabergé Limited.
- A letter of guarantee has been provided by Gemfields plc, who 100% owns Fabergé Limited, the immediate parent of the Company, to provide support to the Fabergé Limited group and its subsidiaries (including the Company) for a period of not less than twelve months from the date of authorisation of the financial statements.

Cash flow statement

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements' not to prepare a cash flow statement since its parent company publishes consolidated financial statements, including a statement of cash flows.

Fixed assets

All fixed assets are initially recorded at cost. They are subsequently held at cost less accumulated depreciation and any provision for impairment.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings	-	3 years
Computer equipment	-	3 years
Computer software	-	3 years
Short leasehold	-	over term of lease

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

for the year ended 30 June 2015

1. Accounting policies (continued)

Turnover

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Rendering of services

Turnover from the provision of advisory and administrative support is recognised by reference to the terms of the service agreement between the Company and its counterparties. These terms are based on a monthly payment arrangement.

Retail, wholesale and web sales

Revenue from retail, wholesale and web sales is recognised when goods are delivered to the customer, title passes and the Group's managerial involvement ceases.

Leased assets

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Reverse premium and similar incentives received to enter into operating lease agreements are released to the profit and loss account 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 the profit and loss account on a straight line basis over the shorter of period to the first rent review or over the length of the lease.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies are retranslated at the historic rate of exchange ruling at the transaction date.

All differences are taken to the profit and loss account.

Share-based payments

Cash-settled transactions

FRS 20 requires the fair value of awards and share awards which ultimately vest to be charged to the profit and loss account over the vesting period.

The cost of cash-settled transactions is measured at fair value by an external company using an appropriate pricing model. Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. During the vesting period a liability is recognised representing the product of the fair value of the award and the portion of the vesting period expired as at the balance sheet date. From the end of the vesting period until settlement, the liability represents the full fair value of the award as at the balance sheet date. Changes in the carrying amount for the liability are recognised in profit and loss account for the year. Upon settlement the liability is derecognised.

Notes to the financial statements

for the year ended 30 June 2015

1. Accounting policies (continued)

Research and Development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- The project is clearly defined and related expenditure is separately identifiable;
- The project is technically feasible and commercially viable;
- Current and future costs are expected to be exceeded by future sales; and
- Adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding five years commencing in the year the group starts to benefit from the expenditure.

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.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- Deferred tax is not recognised on timing differences arising on revalued properties unless the group has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- The recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted.

Financial liabilities

The Group classifies its financial liabilities into the following categories, depending on the purpose for which the asset was acquired:

- 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;

Notes to the financial statements

for the year ended 30 June 2015

2. Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of services and Fabergé products in the normal course of business from continuing activities.

	30 Jun 2015	*30 Jun 2014*
	£	£
Advisory services provided to Fabergé Limited and Fabergé Suisse SA	7,492,002	6,870,519
Retail sales of Fabergé jewellery and watches	6,058,648	3,568,145
Wholesale sales of Fabergé jewellery and watches	8,035	1,346,049
Web sales of Fabergé jewellery and watches	-	56,872
	13,558,685	11,841,585

3. Operating loss

This is stated after charging / (crediting):

	30 Jun 2015	*30 Jun 2014*
	£	£
Auditor's remuneration: - audit services	6,000	36,531
- tax compliance services	-	5,689
Depreciation of fixed assets	173,019	213,697
Operating leases - land and building	311,525	329,318
Share based payment (credit), including national insurance contribution (note 14)	(39,801)	(11,242)
Foreign currency translation (income)/expense	40,819	(351,592)
Research and Development costs	721,263	75,181

Notes to the financial statements

for the year ended 30 June 2015

4. Staff costs

	30 Jun 2015	*30 Jun 2014*
	£	£
Wages and salaries	2,160,818	2,187,613
Social security costs	251,774	280,252
Redundancy costs	-	380,239
	2,412,592	2,848,104

Included in wages and salaries is a credit of £39,801 (credit of £9,879 in 2014), arising from transactions accounted for as share-based payment transactions (Note 14).

The monthly average number of employees during the year was as follows:

	30 Jun 2015 Number	*30 Jun 2014 Number*
Administrative staff	27	33
Sales staff	4	5
	31	38

5. Directors' emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company including the Directors listed on page 5. None of the Directors were employed by the Company.

The Directors' and key management personnel aggregate emoluments in respect of qualifying services were:

	30 Jun 2015	*30 Jun 2014*
	£	£
Aggregate emoluments in respect of qualifying services	621,402	183,462
Share based payment release, including national insurance contribution	-	-
	621,402	183,462

Emoluments of the highest paid Director amounted to £507,500 during the year (£183,462 in 2014).

The share based payment provision under long term incentive plans is made up of a share-based payments credit of £nil (nil in 2014).

Notes to the financial statements
for the year ended 30 June 2015

6. Other interest payable and similar charges

	30 Jun 2015 £	30 Jun 2014 £
Interest payable on loans from related parties	529,793	-
Other interest payable	149	-
	529,942	-

7. Taxation

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	30 Jun 2015 £	30 Jun 2014 £
Current tax expense:		
UK corporation tax (note 7 (b))	-	-
Total tax expense	-	-

(b) Factors affecting current tax charge

The reasons for the differences between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	30 Jun 2015 £	30 Jun 2014 £
Loss on ordinary activities before taxation	(525,658)	(477,536)
Loss on ordinary activities at the standard rate of corporation tax of corporation tax in the UK of 20.75% (2014: 22.5%)	(109,074)	(107,446)
Adjusted for corporation tax on:		
Expenses not deductible for tax purposes	3,253	(11,093)
Movement in unrecognised accelerated capital allowances	3,586	8,573
Movement in provisions not recognised	(3,943)	-
Movement in unrecognised tax losses	106,178	109,966
Total current tax (note 7(a))	-	-

In the UK, the main rate of corporation tax was reduced to 21% as from 1 April 2014. Further reductions have reduced the main rate of corporation tax to 20% as from 1 April 2015. The effects of these reductions is recognised in the financial statements where applicable.

Notes to the financial statements

for the year ended 30 June 2015

8. Tangible fixed assets

	Short Leasehold improvements	*Fixture and fittings*	*Computer equipment*	*Computer software*	*Total*
	£	£	£	£	£
Cost					
Opening balance at 1 July 2014	205,000	505,238	143,935	47,284	901,457
Additions	-	98,510	12,109	6,070	116,689
Balance at 30 June 2015	205,000	603,748	156,044	53,354	1,018,146
Depreciation					
Opening balance at 1 July 2014	129,572	390,880	116,058	41,590	678,100
Charge for the year	45,552	104,655	18,663	4,149	173,019
Balance at 30 June 2015	175,124	495,535	134,721	45,739	851,119
Net carrying value					
Balance at 30 June 2014	75,428	114,358	27,877	5,694	223,357
Balance at 30 June 2015	29,876	108,213	21,323	7,615	167,027

9. Stock

	30 Jun 2015	*30 Jun 2014*
	£	£
Finished Product	21,630,761	21,858,794
Raw material (stones)	1,068,872	981,700
Work in progress	109,717	83,181
	22,809,350	22,923,675

As at 30 June 2015 the company held consignment stock with a cost of £696,245 (2014 - £246,916). The benefits and risks of holding stock had not passed to the company at the year end accordingly neither the stock nor the related creditor had been recognised.

Notes to the financial statements

for the year ended 30 June 2015

10. Debtors

	30 Jun 2015	*30 Jun 2014*
	£	**£**
Due within 1 year	15,721,096	3,136,579
Due after 1 year	200,786	200,786
	15,921,882	3,337,365

Due within 1 year	*30 Jun 2015*	*30 Jun 2014*
	£	**£**
Trade debtors	1,148,446	101,821
Amounts due from group undertaking	14,116,678	2,483,037
Prepayments and accrued income	284,381	393,925
Other debtors	(565)	74,097
VAT	172,156	83,699
	15,721,096	3,136,579

Due after 1 year

	30 Jun 2015	*30 Jun 2014*
	£	**£**
Rent deposit	200,786	200,786

Notes to the financial statements
for the year ended 30 June 2015

11. Creditors: amounts falling due within one year

	30 Jun 2015	*30 Jun 2014*
	£	£
Trade creditors	1,244,114	1,841,364
Amounts due to group undertakings	22,495,851	21,971,749
Amounts due to group undertakings – loan borrowings	17,752,257	4,470,588
Payments on Account	-	38,156
Accruals, deferred income and other creditors	762,461	373,153
Social security costs	99,926	149,627
Share based payments provision	36,213	76,014
	42,390,822	28,920,651

The Amounts due to group undertakings – loan borrowings, is repayable on demand and include interest, which is based on a floating three month rate US$ LIBOR interest rate plus 4.5%.

12. Authorised and issued share capital

Authorised share capital

	30 Jun 2015	*30 Jun 2014*
	£	£
1,000 Ordinary shares of £1 each	1,000	1,000

Allotted, called up and fully paid

	30 Jun 2015	*30 Jun 2014*
	£	£
1 share of £1 each	1	1

13. Reconciliation of shareholders' deficit and movement on share capital and reserves

	Share capital	*Profit and loss account*	*Total shareholders' deficit*
	£	£	£
At 1 July 2014	1	(1,878,663)	(1,878,662)
Loss for the year		(525,658)	(525,658)
At 30 June 2015	1	(2,404,321)	(2,404,320)

Notes to the financial statements
for the year ended 30 June 2015

14. Share-based payments

The Company operates a cash-settled share-based remuneration scheme which is open to any officer or employee of the Company ("Qualified Persons") as determined by the Board of Fabergé Limited. The Board of Fabergé Limited determines the number of awards granted. Qualified Persons are entitled to a grant of awards at the commencement date of their employment. Further grants of awards may be made at a future date. The value of the awards is based on the value of Fabergé Limited.

The awards are measured at fair value using an appropriate pricing model. The fair value of the awards is charged to the profit and loss account over the vesting period.

Under the terms of the scheme, awards vest in three equal parts on the first, second and third anniversary of the date of grant and can only be settled in cash. Awards lapse on the tenth anniversary of the date of grant. In addition, any award shall lapse six months following an Award Holder ceasing to be employed by any Fabergé group company under the terms of the contract.

	Units	Weighted Average Value per unit £	Units	Weighted Average Value per unit £
	30 Jun 2015	Jun 2015	30 Jun 2014	30 Jun 2014
Outstanding at the beginning of the year	9,082	7	15,893	5
Exercised during the year	(2,271)	7	-	-
Lapsed during the year	-	-	(6,811)	5
Outstanding at the end of the year	6,811	4	9,082	7
Exercisable at the end of the year	6,811	4	9,082	7

The movements above resulted in a credit recognised in the profit and loss account for the year of £39,801 (credit of £9,879 in 2014), plus reversed expense for national insurance contribution of £nil (reversed expense of £1,363 in 2014).

The share-based payment provision is accounted in US Dollars. The currency retranslation resulted in recognised income in the profit and loss account of £nil (2014: nil).

The earliest vesting date is the first anniversary of the Date of Grant. No awards were vested in the current or previous year.

2,271 of the awards were exercised during the year (2014: none) at the weighted average value of £7 (2014: nil).

The exercise price at the year end ranged between £4 and £7 (2014: £4 and £12) and the weighted average remaining contractual life of the awards was 3 years (2014: 4 years).

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14. Share-based payments (continued)

The following information is relevant in the determination of the fair value of awards granted during the period under the cash-settled share-based remuneration scheme operated by the Company:

	2014 – 2015	*2013 – 2014*
Pricing model	Binomial Model	Binomial Model
Average value per unit at the date of grant	US$28	US$28
Contractual life of award	10 years	10 years
Expected volatility	40%	40%
Dividend yield and growth rate	0%	0%
Risk-free interest rate	0.50%	0.50%

The expected volatility was based on the historical volatility data of Gemfields plc's share price.

15. Related party transactions

During the period, Fabergé Services Limited entered into the following transactions with related parties:

Related Party	Related party relationship	Transaction
Gemfields PLC	Ultimate Parent company	Gemfields provided a loan of $19.5 million (2014: $7.6 million) during the year, equivalent to £12,404,580 (2014: £4,470,588). Additionally, net purchases and expenses paid on behalf of the company for Gemfields amounted to $77,409 (2014: $466,983 net payable to Gemfields) equivalent to £49,242 during the year (2014: £274,695). A total of $27,829,140 (2014: $8,566,035) equivalent to £17,703,015, was outstanding at the balance sheet date (2014: £5,038,844). The loan is repayable on demand and bears interest at a floating three month rate US$ LIBOR interest rate plus 4.5%.
Pallinghurst Advisors LLP	Related Party of Pallinghurst Resources Limited, significant shareholder of Gemfields plc	IT services provided by Pallinghurst to Fabergé Services Ltd amounting to £Nil (2014: £42,500), of which nil was outstanding as of 30 June 2015 (£nil 2014)

16. Ultimate parent undertaking and controlling party

Fabergé (UK) Limited is 100% owned by Fabergé Limited (the immediate parent company). The company was previously held 100% by Fabergé S.à.r.l., which was liquidated on 5 May 2015. Subsequently, the company transferred to the ownership of Fabergé Limited.

Fabergé Limited is a 100% subsidiary of Gemfields plc, who is also the ultimate parent company and controlling party of the company. Gemfields plc is listed on the AIM market of the London Stock Exchange.

The smallest undertaking for which group accounts have been prepared is that headed by Fabergé Limited,

Notes to the financial statements
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16. Ultimate parent undertaking and controlling party (continued)

incorporated in the Cayman Islands. The largest group undertaking for which group accounts have been prepared is Gemfields plc, incorporated in England. Copies of the Gemfields plc accounts are publicly available on the Gemfields website at www.gemfields.co.uk.

17. Commitments under operating leases

The Company had annual commitments under non-cancellable operating leases as set out below:

	30 Jun 2015 £ Land and Building	*30 Jun 2014* £ Land and Building
Operating leases which expire:		
Within one year	145,098	-
In two to five years	-	321,593
	145,098	321,593