Fabergé (UK) Limited

Report and Financial Statements

for the year ended 31 December 2020

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 (appointed 13 May 2020)
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 2020. Comparative results are for the 12 months ending 31 December 2019.

Strategic Report

Principal activity
The principal activities of Fabergé (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 2020 amounted to £5,368,342 (2019: £9,941,732). The profit for the year ended 31 December 2020 after taxation amounted to £216,037 (2019: loss - £1,915,597).

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
Fabergé will continue to mitigate the market downturn, driven by the national lockdowns and ongoing global travel restrictions caused by Covid-19, by continuing to apply greater focus than ever before to digital marketing and online sales. A number of selling events and exhibitions did take place in the second half of 2021, the wholesale division was once again been able to travel and the directly operated retail boutiques have been able to remain open during this period. The combination of these factors has driven sales to record levels in 2021, which is forecast to be exceeded in 2022.

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

DocuSigned by:

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Antony Lindsay, Director

Date: 18 October 2022

Directors' Report

The Directors present their report and financial statements for the year to 31 December 2020.

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 (2019 – 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 £36,543 (2019: £32,167) 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 profit for the year of £216,037 and has net liabilities of £44,270,970 as at 31 December 2020 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.

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$85.2 million and US$95.6 million were achieved in the first half of 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 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-2020 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.

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 (appointed 13 May 2020)
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

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Antony Lindsay, Director

Date: 18 October 2022

Independent Auditor's Report to Members of Fabergé (UK) Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit 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.

We have audited the financial statements of Fabergé (UK) Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Cash Flow Statement and the Statement of Changes in Equity, and the 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 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

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

Other Companies Act 2006 reporting

In our opinion, 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.

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;
- 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.

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

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

Date: 18 October 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 2020

	Note	*12 Months 31 Dec 2020*	*12 Months 31 Dec 2019*
	Note	**GBP**	**GBP**
Revenue	**4**	5,368,342	9,941,732
Cost of Sales		(1,964,799)	(4,276,389)
Inventory impairment		-	(1,773,421)
Gross Profit		3,403,543	3,891,922
Administrative expenses		(4,954,777)	(7,785,228)
Foreign exchange on intercompany balances		(146,055)	(353,023)
Operating loss		(1,697,289)	(4,246,329)
Finance expense	**7**	(69,571)	(203,886)
Foreign exchange on intercompany loan		2,053,265	2,140,282
Profit/(Loss) before tax		286,405	(2,309,933)
Corporation tax (charge)/credit	**8**	(70,368)	394,336
Profit/(Loss) for the year attributable to equity holders		216,037	(1,915,597)
Total comprehensive profit/(loss) for the year		216,037	(1,915,597)

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

Statement of Financial Position
As at 31 December 2020

	Note	*31 Dec 2020* GBP	*31 Dec 2019* GBP
Assets			
Non-current assets			
Property, plant, and equipment	9	118,621	348,007
Intangible Assets	10	20,153	31,011
Deferred tax asset	11	2,405,098	2,475,466
Other non-current receivable	11	-	-
Trade receivables – intercompany	11	32,929,968	29,903,539
		35,473,840	32,758,023
Current assets			
Inventory	12	16,818,855	14,346,396
Trade and other receivables	13	3,252,247	2,951,248
Cash and cash equivalents	3	595,685	329,749
		20,666,787	17,627,393
Total assets		56,140,627	50,385,416
Liabilities			
Current liabilities			
Trade and other payables	14	(2,348,315)	(3,124,681)
Loan borrowings - intercompany	15	(63,810,469)	(61,169,432)
		(66,158,784)	(64,294,113)
Non-current liabilities			
Non-current liabilities	15	-	(99,212)
Trade payables - intercompany	15	(34,252,813)	(30,479,097)
Total liabilities		(100,411,597)	(94,872,422)
Net Liabilities		(44,270,970)	(44,487,006)
Share capital	17	1	1
Retained deficit		(44,270,971)	(44,487,007)
Net Equity		(44,270,970)	(44,487,006)

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The financial statements were approved and authorised for issue by the Board of Directors on 18 October 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 2020

	Note		*12 Months 31 Dec 2020*		*12 Months 31 Dec 2019*
Cash flows from operating activities			**GBP**		**GBP**
Profit/(Loss) before taxation			**286,405**		**(2,309,933)**
Adjustments for:					
Inventory impairment	**12**	-		4,544,290	
Depreciation and amortisation	**5**	416,103		605,976	
Interest payable	**7**	69,571		203,886	
Foreign exchange differences	**5**	(2,051,597)		(2,241,655)	
(Increase)/decrease in non-current assets		-		-	
Increase in non-current liabilities		-		80,445	
Increase in inventory	**12**	(2,472,459)		(873,495)	
Increase in receivables		(300,999)		(4,293,425)	
(Decrease)/Increase in payables		(776,366)		1,855,621	
Cash utilised in operations			**(5,115,747)**		**(118,356)**
Net cash utilised in operations			**(4,829,342)**		**(2,428,289)**
Cash flows from investing activities					
Purchase of property, plant, and equipment	**9**	(163,609)		(104,972)	
Purchase of intangible assets	**10**	(12,250)		(8,116)	
Net cash flows from investing activities			**(175,859)**		**(113,088)**
Financing activities					
Loan received from parent		4,694,302		3,712,673	
Other intercompany financing		747,287		(1,185,920)	
Loan repayment (3rd party)		-		-	
Right of use lease repayment		(115,557)		(119,121)	
VAT		-		53,990	
Interest Paid		(53,226)		(62,899)	
Net cash flows from financing activities			**5,272,806**		**2,398,723**
Net increase/(decrease) in cash and cash equivalents			267,605		(142,653)
Cash and cash equivalents at beginning of year			329,749		411,947
Foreign exchange difference			(1,669)		60,455
Cash and cash equivalents at end of year			**595,685**		**329,749**

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

Statement of Changes in Equity
for the year ended 31 December 2020

	Share capital	Retained deficit	Total
	GBP	**GBP**	**GBP**
Balance at 31 Dec 2018	**1**	**(42,571,410)**	**(42,571,409)**
Loss for the year ended 31 December 2019	-	(1,915,597)	(1,915,597)
Balance at 31 Dec 2019	**1**	**(44,487,007)**	**(44,487,006)**
Profit for the year ended 31 December 2020	-	216,037	216,037
Balance at 31 December 2020	**1**	**(44,270,970)**	**(44,270,969)**

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

Notes to the Financial Statements for the year ended 31 December 2020

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.

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

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 profit for the year of £216,037 and has net liabilities of £44,270,970 as at 31 December 2020 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.

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$85.2 million and US$95.6 million were achieved in the first half of 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 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-2020 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.

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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.

1. **Accounting policies (continued)**

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.

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.

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.

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.

1. **Accounting policies (Continued)**

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;
- 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.

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.

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 £318,000 would be recorded.

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:

3. **Financial instruments - Risk Management (Continued)**

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 2020*	*31 December 2019*
	GBP	**GBP**
Amounts due from related parties	32,929,968	29,903,539
Trade receivables	2,867,978	2,595,221
Cash and cash equivalents	595,685	329,749
	36,393,631	**32,828,509**

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 2018					
Trade Payables	756,430	-	-	-	756,430
Amounts payable to Gemfields Limited	-	59,588,747	-	-	59,588,747
Employee benefits	75,982	-	-	-	75,982
	832,412	**59,588,747**	**-**	**-**	**60,421,159**
31 December 2019					
Trade payables	2,198,421	-	-	-	2,198,421
Amounts payable to Gemfields Limited	-	61,169,432	-	-	61,169,432
Employee benefits	151,216	-	-	-	151,216
	2,349,637	**61,169,432**	**-**	**-**	**63,519,069**
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**

3. Financial instruments - Risk Management (continued)

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 2019					
Trade Receivables	2,595,221	-	-	-	2,595,221
Amounts due from intercompany parties	-	-	29,538,804	-	29,538,804
	2,595,221	**-**	**29,538,804**	**-**	**32,134,026**
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**

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)
- 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 2.88% of the Company's current assets as at 31 December 2020 (31 December 2019: 1.87%).

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.

3. **Financial instruments - Risk Management (continued)**

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

	31 December 2020 **GBP**	*31 December 2019* **GBP**
Cash and cash equivalents	595,685	329,749
Less: Cash and cash equivalents in GBP	(257,244)	(99,906)
Total currency exposure	338,441	229,843
Represented by:		
US Dollars	282,584	173,005
Hong Kong Dollars	1,265	2,861
Euro	53,662	53,077
Swiss Franc	930	900
Total	338,441	229,843

Exposure to foreign exchange risk on trade and other receivables is disclosed in note 13, on trade and other payables in note 14, and on loan borrowings in note 15.

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 £7,510,753 (2019: £7,088,865). A 10% weakening in the exchange rate would, on the same basis, have increased post-tax profit and increased net assets by £6,145,161 (2019: £5,799,980).

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 2020	31 Dec 2019
	GBP	**GBP**
UK Retail sales	1,099,784	1,252,626
Domestic and international wholesale sales	2,171,124	3,735,500
By-appointment sales	387,427	1,387,649
eCommerce	573,318	188,325
Intercompany sales	1,136,689	3,377,632
	5,368,342	9,941,732

Turnover for the year was £5,368,342 (2019: £9,941,732) on aggregation of all sales channels.

5. Loss from operations

This has been arrived at after charging:	Note	31 Dec 2020	31 Dec 2019
		GBP	**GBP**
Foreign exchange differences		286,893	(360,865)
Rent, rates, and utilities		550,857	819,521
Auditors' remuneration		34,483	82,845
Depreciation and Amortisation	**9 & 10**	416,103	605,976
Research and development costs		36,543	32,167

6. Staff costs

Staff costs comprise:	31 Dec 2020	31 Dec 2019
	GBP	**GBP**
Wages and salaries	1,362,178	1,530,568
Employer's national insurance contributions and similar taxes	163,235	244,140
Recruitment costs	5,660	60,308
Medical insurance	60,153	29,884
	1,591,226	1,864,900

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.

The Directors' and key management personnel aggregate emoluments in respect of qualifying services were:	31 Dec 2020 **GBP**	31 Dec 2019 **GBP**
Aggregate emoluments in respect of qualifying services	333,471	478,004
	333,471	478,004

Emoluments of the highest paid Director amounted to £128,039 during the year to 31 December 2020 (2019: £136,590).

7. Finance income and expense

	31 Dec 2020 GBP	31 Dec 2019 GBP
Finance expense		
Interest payable on loans from related parties (note 19)	-	-
Right of use interest	16,345	140,987
Other finance expense	53,226	62,899
	69,571	203,886

8. Taxation on Loss

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

	31 Dec 2020 GBP	31 Dec 2019 GBP
Current tax		
Taxation charge for year	-	-
Deferred tax		
Origination and reversal of temporary differences (note 11)	70,368	(394,336)
Tax expense / (credit)	**70,368**	**(394,336)**

The tax on loss on ordinary activities is lower (2019: lower) to the standard rate of corporation tax in the UK of 19% (2019: 19%). The charge for the year can be reconciled to the loss per the statement of comprehensive income as follows:

	31 Dec 2020 GBP	31 Dec 2019 GBP
Profit/(loss) on ordinary activities before tax	286,405	(2,309,933)
Taxation on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019: 19%)	54,417	(438,887)
Effects of:		
Expenses not deductible for tax	6,792	909
Permanent difference	9,159	43,713
Group relief surrendered	-	(71)
Total taxation credit	**70,368**	**(394,336)**

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. 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 2019	205,000	2,466,523	-	222,514	2,894,037
Additions	-	*97,029*	*261,664*	*7,943*	*366,636*
Balance at 31 December 2019	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
Depreciation					
Balance at 1 January 2019	205,000	1,820,308	-	203,931	2,229,239
Charge for year	-	*468,572*	*194,467*	*20,388*	*683,427*
Balance at 31 December 2019	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
Net Book Value					
At 1 January 2019	-	646,215	-	18,583	664,798
At 31 December 2019	-	274,672	67,197	6,138	348,007
At 31 December 2020	-	114,179	-	4,442	118,621

10. Intangible Assets

	Computer Software GBP
Cost	
Balance at 1 January 2019	95,132
Additions	*8,116*
Balance at 31 December 2019	103,248
Additions	*12,250*
Balance at 31 December 2020	115,498
Depreciation	
Balance at 1 January 2019	55,740
Charge for year	*16,497*
Balance at 31 December 2019	72,237
Charge for year	*23,108*
Balance at 31 December 2020	95,345
Net Book Value	
At 1 January 2019	39,392
At 31 December 2019	31,011
At 31 December 2020	20,153

11. Non-current receivables

	31 Dec 2020	31 Dec 2019
	GBP	**GBP**
Deferred tax asset	2,405,098	2,475,466
Deposit	-	-
Amounts due from related parties (note 19)	32,929,968	29,903,539
	35,335,066	**32,379,005**

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

Deferred taxation	31 Dec 2020	31 Dec 2019
	GBP	**GBP**
At beginning of year	2,475,466	2,081,130
Charged to profit or loss	(70,368)	394,336
At end of year	**2,405,098**	**2,475,466**

12. Inventories

	31 Dec 2020	31 Dec 2019
	GBP	**GBP**
Finished product	16,148,719	13,694,786
Raw material, work in progress and aftersales inventory	670,136	651,610
	16,818,855	14,346,396

£1,964,799 has been recognised as an expense in cost of sales in the Statement of Comprehensive Income during the year (2019: £4,276,389).

£nil was expensed as a write-off of non-itemised, historical balances during the year (2019: £4,544,290) and £nil was expensed in relation to the provision for inventory net realisable value during the year (2019: £1,773,421).

13. Trade and other receivables

	31 Dec 2020	31 Dec 2019
	GBP	**GBP**
Trade and other receivables (due within one year)		
Trade receivables	2,867,978	2,595,221
Prepayments and accrued income	377,736	225,360
VAT	6,533	130,667
	3,252,247	2,951,248

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 2020	31 Dec 2019
	GBP	**GBP**
Trade and other receivables currency denomination		
Pound Sterling	885,402	554,059
US Dollar	1,770,899	1,658,535
Euro	503,146	416,422
Swiss Franc	15,725	15,249
Canadian Dollar	31,465	-
South African Rand	45,610	306,983
	3,225,247	2,951,248

14. Trade and other payables

	31 Dec 2020	31 Dec 2019
	GBP	**GBP**
Trade payables	373,959	2,198,421
Accruals	1,200,301	670,690
Other payables	774,055	255,569
	2,348,315	3,124,681

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 2020	31 Dec 2019
	GBP	**GBP**
Trade and other payables currency denomination		
Pound Sterling	831,917	395,135
US Dollar	1,56,623	971,817
Euro	159,717	1,609,927
Swiss Franc	-	14,401
Canadian Dollar	-	-
UAE Dirham	-	8,651
Qatari Riyal	-	124,750
South African Rand	58	-
	2,348,315	3,124,681

15. Loan borrowings

	31 Dec 2020	31 Dec 2019
Current borrowings:	**GBP**	**GBP**
Gemfields Limited (related party) (note 19)	63,810,469	61,169,432
Gemfields Limited (related party) (note 19)		
Opening balance	61,169,432	59,588,747
Loan received	*4,694,302*	*3,712,673*
Intercompany transactions	-	*8,294*
Foreign exchange adjustment	*(2,053,265)*	*(2,140,282)*
Interest accrued	-	-
Repayment	-	-
Closing balance	63,810,469	61,169,432

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.

	31 Dec 2020	31 Dec 2019
Non-current liabilities:	**GBP**	**GBP**
Lease liabilities (non-current)	-	99,212
Amounts due to related parties	34,252,813	30,479,097

Lease liabilities is Pound Sterling denominated. Amounts due to Related Parties is US Dollar denominated.

16. Share based payments

Liabilities for cash settled share-based payments comprise:

	31 Dec 2020	*31 Dec 2019*
	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 2020 is GBP nil (31 December 2019: GBP nil).

17. Authorised and issued share capital

Authorised share capital

	31 Dec 2020 GBP	*31 Dec 2019 GBP*
1 Ordinary shares of £ 1 each	1	1

Issued and fully paid

	2020 Number of Shares	*2020* ***GBP***	*2019 Number of Shares*	*2019* ***GBP***
Ordinary shares of £1 each	1	1	1	1

18. 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.

19. 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 2020 include:

GBP	2020	2019
Related party loans receivable		
Amounts due from related parties	13,049	30,445
Amounts due from intercompany parties	32,766,701	29,538,804
Amounts due from parent (non-loan)	150,218	334,290
Total related party loans receivable	**32,929,968**	**29,903,539**

GBP	2020	2019
Related party loans payable		
Amounts due to related parties	-	-
Amounts due to intercompany parties	29,521,248	26,312,690
Amounts due to parent (non-loan)	4,731,565	4,166,407
Amounts due to parent (loan)	63,810,469	61,169,432
Total related party loans payable	**98,063,282**	**91,648,529**

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 2020, the Company completed the following transactions:
The Company received working capital loans from parent Gemfields Limited amounting to £4,694,302 (2019: £3,712,673)
The Company revalued the USD denominated loan payable balance through the year to the amount of £ (2,053,265) (2019: (2,131,987))
The Company accrued interest on the working capital loans from parent Gemfields Limited amounting to £nil (2019: £nil)
The Company made sales to related party Faberge Inc to the amount of £954,437 (2019: £1,395,978)
The Company made purchases from related party Faberge Inc to the amount of £5,836 (2019: £11,693)
The Company provided working capital loans to related party Faberge Inc to the amount of £250,024 (2019: £136,532)
The Company made sales to related party Faberge Suisse to the amount of £135,641 (2019: £449,072)
The Company made returns to related party Faberge Suisse to the amount of £7,015 (2019: purchases £4,878)
The Company provided working capital loans to related party Faberge Suisse to the amount of £602,676 (2019: £1,049,388)
The Company made sales to Gemfields South Africa to the amount of £26,297 (2019: £165,558)
The Company made sales to Gemfields Limited to the amount of £1,301 (2019: £4,432)
The Company made purchases from parent company Gemfields Limited to the amount of £524,447 (2019: £954,996)

20. 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.

21. 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.