

Company Registration No. 06938895 (England and Wales)

VERIGOLD JEWELLERY (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

Richard Anthony
Chartered Accountants and Registered Auditors

VERIGOLD JEWELLERY (UK) LIMITED

COMPANY INFORMATION

Directors	Mr Sumit Shah Mr Dhruv Desai Mr Michael Callaghan
Company number	06938895
Registered office	2B Avenue Road London N12 8PY
Auditor	Richard Anthony Chartered Accountants and Registered Auditors 2nd Floor Gadd House Arcadia Avenue London N3 2JU

VERIGOLD JEWELLERY (UK) LIMITED

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VERIGOLD JEWELLERY (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Fair review of the business

The principal activity of the company was that of the import and wholesale of jewellery.

The company is part of a group and supplies jewellery to various customers based in the UK and worldwide.

Principal risks and uncertainties

Key customer risk

Concentration on limited customers poses a risk to the Company's revenues. The Company is constantly trying to diversify its customer base to mitigate this risk.

Market risk

The Company's business is affected by prevalent economic conditions in the economies in which the Company's product is sold. The Company is trying to expand its business in different geographies to insulate the business from economic shocks which may affect any specific economy in which the Company's product is sold.

Forex Risk

The Company undertakes transactions in multiple currencies. Fluctuations in these currencies pose a risk of foreign exchange loss to the Company. The Company has taken appropriate hedges to protect the Company from losses on account of currency fluctuation.

Information security and cyber risk

The Company's data is subject to risk of data loss or theft. The Company has taken appropriate measures to ensure security of its data, including data backup mechanisms as well as protection of information from theft and cyber attacks.

Development and performance

The directors' have considered the results for the year and the financial position at the year-end to be satisfactory. The directors' believe that the company is meeting expectations and will continue to grow profitability in the foreseeable future, by not only increasing turnover but also establishing a higher gross profit margin and continuing to keep a tight control on costs. The Company has taken initiatives during the year to diversify its customer base and expand in other geographies.

Key performance indicators

The directors continue to examine all aspects of the business with a view to achieving profitability. Together with senior management, they monitor all other statistical information on a regular basis to ensure that they are aware of any trends and influences on profitability using relevant key performance indicators. The main KPI's used by the Company are orientated around Turnover, Gross Profit and Operating Profit. These are summarised as follows;

	2022	2021	2020
Turnover (£m)	6.95	4.93	4.44
Gross profit margin %	15.04%	11.40%	11.84%
Operating profit margin %	5.01%	3.57%	0.26%

Other information and explanations

The directors' future plans include the strengthening and widening of the customer base within UK and in other geographies mainly in Europe.

VERIGOLD JEWELLERY (UK) LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

On behalf of the board

Mr Dhruv Desai
Director

13 May 2022

VERIGOLD JEWELLERY (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of jewellery importers and wholesalers from India. The industry is highly influenced by the global prices on the precious stones and metal as well as seasonal annual changes in fashion preferences of the customers.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Sumit Shah
Mr Dhruv Desai
Mr Michael Callaghan

Post reporting date events

At the date of signing the accounts, the UK economy is severely impacted by the effects of the spread of COVID-19, and the measures taken by the government to prevent the continued spread of the virus. The company, in line with businesses in many industries, has been harmfully impacted by these measures. Despite the effects of the measures, the company remains in a strong position due to its healthy capital base. Furthermore, the company has been able to react speedily to new demand patterns created by the crisis. For these reasons, the directors are confident that the company can remain viable throughout the period, and will emerge with a stronger financial profile when the crisis subsides.

Auditor

In accordance with the company's articles, a resolution proposing that Richard Anthony be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr Dhruv Desai
Director

13 May 2022

VERIGOLD JEWELLERY (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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;
- 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.

VERIGOLD JEWELLERY (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VERIGOLD JEWELLERY (UK) LIMITED

Opinion

We have audited the financial statements of Verigold Jewellery (UK) Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 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.

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

VERIGOLD JEWELLERY (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VERIGOLD JEWELLERY (UK) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 directors' 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant:

VERIGOLD JEWELLERY (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VERIGOLD JEWELLERY (UK) LIMITED

- The Companies Act 2006
- Financial Reporting Standard 102
- UK tax legislation
- UK employment legislation
- UK health and safety legislation
- General Data Protection Regulations

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management and those responsible for legal and compliance procedures.

The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with these laws and regulations. The assessment did not identify any issues in this area.

We assessed the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- Identifying and assessing the measures management has in place to prevent and detect fraud,
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process,
- Challenging assumptions and judgements made by management in its significant estimates, and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential existed within the recording and recognition of revenue.

Our procedures in this respect were focused on the origination of revenue and directed towards ensuring the accuracy and completeness of the same by undertaking testing on a sample basis of the revenue items to ensure that sales had been recorded correctly and in the appropriate accounting period. We consider that the work we undertook in this regard was considered capable of detecting irregularities and fraud within the sales cycle.

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach. The risk is also greater regarding irregularities occurring to fraud other than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

VERIGOLD JEWELLERY (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF VERIGOLD JEWELLERY (UK) LIMITED

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.

Michael Barnett BA FCA (Senior Statutory Auditor)

For and on behalf of Richard Anthony

Date:

Chartered Accountants

Statutory Auditor

2nd Floor Gadd House
Arcadia Avenue
London
N3 2JU

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	6,952,728	4,930,985
Cost of sales		(5,641,953)	(4,368,763)
Gross profit		<u>1,310,775</u>	<u>562,222</u>
Distribution costs		(54,023)	(965)
Administrative expenses		(675,204)	(484,492)
Other operating income		43,764	99,293
Operating profit	4	<u>625,312</u>	<u>176,058</u>
Interest payable and similar expenses	6	(53,772)	-
Loss on listed investments	7	(290,904)	-
Profit before taxation		<u>280,636</u>	<u>176,058</u>
Tax on profit	9	(53,321)	(33,451)
Profit for the financial year		<u><u>227,315</u></u>	<u><u>142,607</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

VERIGOLD JEWELLERY (UK) LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	10		15,983		16,778
Current assets					
Stocks	12	432,477		354,755	
Debtors	13	3,170,632		3,187,151	
Cash at bank and in hand		425,353		207,205	
		<u>4,028,462</u>		<u>3,749,111</u>	
Creditors: amounts falling due within one year	14	<u>(1,977,523)</u>		<u>(1,918,403)</u>	
Net current assets			2,050,939		1,830,708
Total assets less current liabilities			<u>2,066,922</u>		<u>1,847,486</u>
Creditors: amounts falling due after more than one year	15		(42,095)		(50,000)
Provisions for liabilities					
Deferred tax liability	17	268		242	
		<u>268</u>	(268)	<u>242</u>	(242)
Net assets			<u>2,024,559</u>		<u>1,797,244</u>
Capital and reserves					
Called up share capital	19		450,000		450,000
Profit and loss reserves	20		1,574,559		1,347,244
Total equity			<u>2,024,559</u>		<u>1,797,244</u>

The financial statements were approved by the board of directors and authorised for issue on 13 May 2022 and are signed on its behalf by:

Mr Dhruv Desai
Director

Company Registration No. 06938895

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2020	450,000	1,204,637	1,654,637
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	142,607	142,607
Balance at 31 March 2021	<u>450,000</u>	<u>1,347,244</u>	<u>1,797,244</u>
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	227,315	227,315
Balance at 31 March 2022	<u><u>450,000</u></u>	<u><u>1,574,559</u></u>	<u><u>2,024,559</u></u>

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Verigold Jewellery (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 2B Avenue Road, London, N12 8PY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

On the basis of financial support available from companies within the group, at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% on a straight line basis
Motor vehicles	25% on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

VERIGOLD JEWELLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease.

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.16 Share trading activities

Profit or loss generated from share trading activities are recognised in the period in which they are realised. The closing balance within the broker account is translated into functional currency at the year end and included within current assets.

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	25		608,883		(78,562)
Interest paid			(53,772)		-
Income taxes paid			(33,571)		(4,952)
			<u> </u>		<u> </u>
Net cash inflow/(outflow) from operating activities			521,540		(83,514)
Investing activities					
Purchase of tangible fixed assets		(4,583)		(16,495)	
Proceeds on disposal of investments		(290,904)		-	
Receipts arising from loans made		-		(28,800)	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(295,487)		(45,295)
Financing activities					
Proceeds of new bank loans		-		50,000	
Repayment of bank loans		(7,905)		-	
		<u> </u>		<u> </u>	
Net cash (used in)/generated from financing activities			(7,905)		50,000
			<u> </u>		<u> </u>
Net increase/(decrease) in cash and cash equivalents			218,148		(78,809)
Cash and cash equivalents at beginning of year			207,205		286,014
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			425,353		207,205
			<u> </u>		<u> </u>

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates for stocks provisions and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022 £	2021 £
Turnover analysed by class of business		
Jewellery wholesale	6,952,728	4,930,985
	<u>6,952,728</u>	<u>4,930,985</u>
	2022 £	2021 £
Other significant revenue		
CJRS and council Grants received	43,764	99,293
	<u>43,764</u>	<u>99,293</u>
	2022 £	2021 £
Turnover analysed by geographical market		
United Kingdom	1,788,280	1,427,809
Rest of the world	5,164,448	3,503,176
	<u>6,952,728</u>	<u>4,930,985</u>

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(25,631)	85,476
Hedging item losses	8,297	583
Hedging instrument gains	(36)	-
Government grants	(43,764)	(99,293)
Fees payable to the company's auditor for the audit of the company's financial statements	16,500	15,500
Depreciation of owned tangible fixed assets	5,378	1,622
Operating lease charges	25,414	19,726
	<u>16,500</u>	<u>15,500</u>

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022	2021
	Number	Number
Director	3	3
Administrative	4	4
	<u>7</u>	<u>7</u>
Total	<u><u>7</u></u>	<u><u>7</u></u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	427,043	276,957
Social security costs	51,054	28,861
Pension costs	6,350	4,027
	<u>484,447</u>	<u>309,845</u>
	<u><u>484,447</u></u>	<u><u>309,845</u></u>

6 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	969	-
Other interest on financial liabilities	52,803	-
	<u>53,772</u>	<u>-</u>
	<u><u>53,772</u></u>	<u><u>-</u></u>

7 Loss on investments

	2022	2021
	£	£
Fair value loss on listed investments	(290,904)	-
	<u>(290,904)</u>	<u>-</u>
	<u><u>(290,904)</u></u>	<u><u>-</u></u>

The above mentioned losses were incurred on trading in listed securities and gilts. The trades were carried out during the period from April 2021 to July 2021, which represent sales of securities amounting to £30,385,503 and purchase cost of securities totalling £30,653,086. As a result of losses realised during the year the directors decided to cease this trading activity within the company.

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

8 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	259,888	140,592
Company pension contributions to defined contribution schemes	1,440	840
	<u>261,328</u>	<u>141,432</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

9 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	53,295	33,571
	<u>53,295</u>	<u>33,571</u>
Deferred tax		
Origination and reversal of timing differences	26	(120)
	<u>26</u>	<u>(120)</u>
Total tax charge	<u>53,321</u>	<u>33,451</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	280,636	176,058
	<u>280,636</u>	<u>176,058</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	53,321	33,451
Permanent capital allowances in excess of depreciation	(26)	120
Deferred tax movements	26	(120)
	<u>53,321</u>	<u>33,451</u>
Taxation charge for the year	<u>53,321</u>	<u>33,451</u>

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

10 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 April 2021	63,872	16,495	80,367
Additions	4,583	-	4,583
At 31 March 2022	<u>68,455</u>	<u>16,495</u>	<u>84,950</u>
Depreciation and impairment			
At 1 April 2021	61,714	1,875	63,589
Depreciation charged in the year	1,254	4,124	5,378
At 31 March 2022	<u>62,968</u>	<u>5,999</u>	<u>68,967</u>
Carrying amount			
At 31 March 2022	<u>5,487</u>	<u>10,496</u>	<u>15,983</u>
At 31 March 2021	<u>2,158</u>	<u>14,620</u>	<u>16,778</u>

11 Financial instruments

2022
£ **2021**
£

Hedging arrangements

The company manages its foreign currency risks by using leveraged forex, futures and futures options hedging techniques. All hedging instruments are measured in the financial statements at fair value through profit and loss. At the balance sheet date, there is no future obligation in relation to any particular hedging agreement.

12 Stocks

2022
£ **2021**
£

Finished goods and goods for resale	<u>432,477</u>	<u>354,755</u>
-------------------------------------	----------------	----------------

13 Debtors

2022
£ **2021**
£

Amounts falling due within one year:

Trade debtors	3,097,607	3,108,729
Other debtors	46,657	43,413
Prepayments and accrued income	26,368	35,009
	<u>3,170,632</u>	<u>3,187,151</u>

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

14 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	25,602	11,224
Amounts owed to group undertakings	1,788,370	1,816,859
Corporation tax	53,295	33,571
Other taxation and social security	70,115	20,884
Other creditors	2,466	2,582
Accruals and deferred income	37,675	33,283
	<u>1,977,523</u>	<u>1,918,403</u>

15 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
	Notes	
Bank loans and overdrafts	16	
	42,095	50,000
	<u>42,095</u>	<u>50,000</u>

16 Loans and overdrafts

	2022	2021
	£	£
Bank loans	42,095	50,000
	<u>42,095</u>	<u>50,000</u>
Payable after one year	42,095	50,000
	<u>42,095</u>	<u>50,000</u>

The bank loans facility is supported by the UK Government Bounce Back Loan Scheme guarantee and interest is charged at 2.5% per annum.

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities
	2022	2021
	£	£
Balances:		
Accelerated Capital Allowances	268	242
	<u>268</u>	<u>242</u>

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

17 Deferred taxation (Continued)

	2022 £
Movements in the year:	
Liability at 1 April 2021	242
Charge to profit or loss	26
	268
Liability at 31 March 2022	268

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

18 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	6,350	4,027
	6,350	4,027

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	450,000	450,000	450,000	450,000
	450,000	450,000	450,000	450,000

20 Profit and loss reserves

	2022 £	2021 £
At the beginning of the year	1,347,244	1,204,637
Profit for the year	227,315	142,607
	1,574,559	1,347,244
At the end of the year	1,574,559	1,347,244

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

21 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for the business premises occupied. Lease is negotiated for a term of 5 years commencing on 3rd February, 2020.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	11,000	11,000
Between two and five years	21,083	32,083
	<u>32,083</u>	<u>43,083</u>

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	257,553	126,706

Other information

The following amounts were outstanding at the reporting end date:

- £1,785,108 (2021 - £1,812,952) due to Renaissance Global Limited, parent company;
- £9,873 (2021 - £3,907) due from Renaissance Jewellery N.Y. Inc, fellow subsidiary in USA
- £13,096 (2021 - £Nil) due to Jay Gems, a step down subsidiary of Renaissance Jewellery N.Y Inc.

During the year the company entered into the following transactions with related parties:

- Purchases amounting to £52,803 (2021 - £Nil) from Verigold Jewellery DMCC, a fellow subsidiary;
- Sales amounting to £101,852 (2021 - £15,074) to Renaissance Global Limited and purchases amounting to £5,186,763 (2021 - £3,968,537) from Renaissance Global Limited;
- Purchases amounting to £339,819 (2021 - £262,868) from Renaissance Jewellery N.Y. Inc, a fellow subsidiary and sales amounting to £58,391 (2021 - £Nil) to Renaissance Jewellery N.Y. Inc.
- Purchases amounting to £44,210 (2021 - £951) from Jay Gems and sales amounting to £Nil (2021 - £5,176) to Jay Gems.

23 Directors' transactions

At the balance sheet date, the director Mr Sumit Shah owed the company £28,800 (2021: £28,800).

VERIGOLD JEWELLERY (UK) LIMITED

STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

24 Parent company

The company is a wholly owned subsidiary of Renaissance Global Limited (formerly Renaissance Jewellery Limited), a company incorporated in India.

Renaissance Global Limited prepares group accounts and copies can be obtained from its website.

25 Cash generated from/(absorbed by) operations

	2022	2021
	£	£
Profit for the year after tax	227,315	142,607
Adjustments for:		
Taxation charged	53,321	33,451
Finance costs	53,772	-
Depreciation and impairment of tangible fixed assets	5,378	1,622
Other gains and losses	290,904	-
Movements in working capital:		
Increase in stocks	(77,722)	(38,367)
Decrease/(increase) in debtors	16,519	(1,727,628)
Increase in creditors	39,396	1,509,753
Cash generated from/(absorbed by) operations	608,883	(78,562)

26 Analysis of changes in net funds

	1 April 2021	Cash flows	31 March 2022
	£	£	£
Cash at bank and in hand	207,205	218,148	425,353
Borrowings excluding overdrafts	(50,000)	7,905	(42,095)
	<u>157,205</u>	<u>226,053</u>	<u>383,258</u>

VERIGOLD JEWELLERY (UK) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

		2022		2021
	£	£	£	£
Turnover				
Sales of goods		6,952,728		4,930,985
Cost of sales				
Opening stock of finished goods	354,755		316,388	
Finished goods purchases	5,643,187		4,243,360	
Direct costs	24,468		15,846	
Carriage inwards and import duty	22,318		11,507	
Duty and clearance cost	36,185		37,453	
Closing stock of finished goods	(432,477)		(354,755)	
Discounts allowed	10,887		12,905	
Profit or loss on foreign exchange	(25,631)		85,476	
Fair value gains or losses on hedged item (cost of sales)	8,297		583	
Fair value gains or losses on trading	(36)		-	
		<u>(5,641,953)</u>		<u>(4,368,763)</u>
Gross profit		1,310,775		562,222
Other operating income				
Coronavirus job retention scheme and council grants		43,764		99,293
Distribution costs	54,023		965	
Administrative expenses	675,204		484,492	
		<u>(729,227)</u>		<u>(485,457)</u>
Operating profit		625,312		176,058
Interest payable and similar expenses				
Bank interest on loans and overdrafts	969		-	
Non bank interest on loans	52,803		-	
		<u>(53,772)</u>		-
Other gains and losses				
Amounts written off investments measured at fair value		(290,904)		-
Profit before taxation		<u>280,636</u>		<u>176,058</u>

VERIGOLD JEWELLERY (UK) LIMITED

SCHEDULE OF DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	£
Distribution costs		
Advertising	54,023	965
	<u>54,023</u>	<u>965</u>
	<u><u>54,023</u></u>	<u><u>965</u></u>
Administrative expenses		
Wages and salaries	167,155	136,365
Social security costs	17,941	11,989
Staff pension costs	4,910	3,187
Directors' remuneration	223,000	108,994
Directors' social security costs	33,113	16,872
Directors' commissions	36,888	31,598
Directors' pension costs - defined contribution scheme	1,440	840
Rent re operating leases	15,040	14,540
Rates	1,894	-
Relocation cost	-	15,000
Power, light and heat	836	1,107
Property repairs and maintenance	-	13,906
Insurance	15,534	16,289
Computer running costs	3,610	3,187
Leasing - motor vehicles	10,374	5,186
Motor running expenses	4,912	2,495
Travelling expenses	6,956	(132)
Professional subscriptions	9,577	3,549
Legal and professional fees	77,141	50,026
Consultancy fees	-	7,950
Audit fees	16,500	15,500
Bank charges	3,196	2,508
Bad and doubtful debts	3,413	9,467
Printing and stationery	964	821
Telecommunications	7,063	5,194
Entertaining	1,719	-
Sundry expenses	6,650	6,432
Depreciation	5,378	1,622
	<u>675,204</u>	<u>484,492</u>
	<u><u>675,204</u></u>	<u><u>484,492</u></u>

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