

**Company Registration No. 04423720**

**De Beers Jewellers UK Limited**

**Annual Report and Financial Statements  
for the year ended 31 December 2021**

**De Beers Jewellers UK Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2021**

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**De Beers Jewellers UK Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2021**

**Officers and professional advisers**

**Directors**

C Assimon  
A Pregnolato

**Company secretary**

Anglo American Corporate Secretary Limited

**Registered number**

04423720

**Registered office**

17 Charterhouse Street  
London  
United Kingdom  
EC1N 6RA

**Independent auditors**

PricewaterhouseCoopers LLP  
1 Embankment place  
London  
United Kingdom  
WC2N 6RH

# De Beers Jewellers UK Limited

## Strategic report

### for the year ended 31 December 2021

#### Introduction

The Directors present their strategic report for De Beers Jewellers UK Limited (the "Company") for the year ended 31 December 2021. The purpose of the strategic report is to provide a brief summary of the Company's performance as well as its strategy that will impact future reporting years.

#### General review

The Company is a private company, limited by shares registered in the United Kingdom. The Company's immediate parent undertaking is De Beers Jewellers Limited, a company incorporated in the United Kingdom (England and Wales). The Company's principal activity is the retailing of jewellery and diamonds in the UK.

Revenue for 2021 was £15,934,445 (2020: 10,983,194) and operating loss £6,406,576 (2020: £28,172,001).

Further to the unprecedented impact of Covid in the United Kingdom and around the world in 2020, the Company and its staff continued, in 2021, to rise to these challenges, prioritising the safety of customers and colleagues and adapting to the impact of the pandemic on operations, retail stores and changing customer trends with outstanding commitment and resilience. The Company's retail outlets were all closed as a result of "lockdowns", notably from January to March in addition to facing restricted opening hours during various stages in the year.

Positioning itself as 'The home of diamonds since 1888', the brand continues to communicate its diamond expertise, spanning from solitaires to design, in both jewellery and high jewellery. The Company made significant progress on increasing brand awareness and improving consumer engagement, through the launch of a new customer-centric website, new product collections and marketing campaigns. As a result of making available a much wider product range through the website and an accelerated consumer trend toward online spending due to Covid-19, the Company saw a steady increase in ecommerce sales to customers during the year.

The Company's priority remains to maximise returns from existing stores and to closely manage inventories, costs and working capital levels.

#### Key performance indicators

The Directors of the Company manage the operations on a divisional basis and monitor the performance of the Company at a consolidated Brand and Consumer markets level. For this reason, the Directors believe that analysis using key performance indicators for the Company is not necessary nor appropriate for an understanding of the development, performance, or position of the business of the Company.

#### Principal risks and uncertainties

The focus of risk management is on identifying, assessing, evaluating, managing, reporting and monitoring all known forms of risk across the De Beers Group (the "Group"). Group and Company management is involved in a continuous process of developing and enhancing its comprehensive risk mitigation and control procedures to improve the mechanisms for managing and monitoring risks.

#### *Diamond policy*

The Company is aware of the challenges that conflict diamonds introduce and has taken measures to guarantee that no conflict diamonds enter its supply chain or its jewellery.

The Company purchases diamonds only from suppliers that adhere in full to the Kimberley Process Certification Scheme and System of Warranties. Suppliers are also required to warrant to the Company that the merchandise they supply will be manufactured under working conditions consistent with international guidelines, primarily the UN's Universal Declaration of Human Rights and International Labour Organisation conventions, particularly those relating to child labour.

The Company has been a member of the Responsible Jewellery Council ("RJC") since it was created. RJC is an international non-profit organisation representing over 200 member companies across the gold and jewellery supply chain with the aim to continue reinforcing the confidence in the diamond industry and exploit synergies between the members and those they do business with. As part of its continued commitment to operate its business in the most professional and ethical manner, the Company implemented a programme of 'best practice' in 2011 and as a result, from early 2012, it has been a fully certified member of the RJC, with successful completion of the RJC certification process achieved again in 2015, 2018 and 2021. Full RJC certification enables the Company to formally demonstrate that it puts such areas at the heart of its priorities and allows the Company to meet consumer expectations, which have become increasingly orientated towards the integrity of the diamond supply chain.

# De Beers Jewellers UK Limited

## Directors' report

### for the year ended 31 December 2021

#### Principal risks and uncertainties (continued)

##### *Liquidity risk*

The Company continually assesses its cash position with regular medium and long-term forecast reviews, and the availability of loan facilities with group undertakings, to ensure that adequate liquidity is maintained and that the Company can meet its liabilities as they fall due. In the event that cash outflow needed to be tightly managed, the Company has a number of contingency plans in place. The Company's cash position is regularly reported to the Board of Directors.

##### *Market risk*

The principal risk facing the Company is variability in the performance of the retail outlets and online channels. The Company engages in the sale of luxury goods and in the event that low or negative growth occurs in the economy, discretionary spending on such luxuries may reduce.

The Directors have also monitored and evaluated the impact of Brexit on the Company and do not consider there to be a significant impact to the business.

#### **Our purpose and values**

The Board recognises the role of the Company's business in society and within the Group. The Group's purpose is summarised as 'to make life brilliant', and the Company is focused on contributing to the achievement of this purpose.

The Group and the Company has six values – put safety first, be passionate, pull together, build trust, show we care and shape the future. They were developed by our employees in 2006 and remain the values we live by today. These values keep us focused on our purpose 'to make life brilliant'. It is this purpose that drives us to achieve our vision of unlocking the value of our leadership position across the diamond pipeline to create a better diamond industry for all.

#### **Engaging our stakeholders**

Healthy stakeholder relationships help us to better communicate how our business decisions, activities and performance are likely to affect or be of significant interest to our stakeholders, and provide the opportunity to co- create effective and lasting solutions to business and other challenges.

The Company's stakeholders include our, employees, customers, business partners, multinational organisations, industry peers, broader civil society, trade associations and suppliers in addition to our shareholder. More information on engaging with key stakeholders is provided below.

#### **Long term decision making**

The Company took a range of factors and stakeholder considerations into account when making decisions during the year. Decisions are made within the context of the long-term factors that may impact the Company and its stakeholders, including key market updates, technology capability, safety, health and environment considerations. The De Beers Group is committed to achieving carbon neutrality by 2030 and the Board is committed to achieving this goal.

#### **The interests of the Company's employees**

The Company acknowledges that our people are critical to everything we do. We create safe, inclusive and diverse working environments that encourage and support high performance and innovative thinking. We are acutely aware that to get the best from our people, we need to understand their viewpoints and address any concerns they may raise about working for us. We consider workforce engagement to be a priority for every leader at De Beers Jewellers. For several years, the De Beers Group has run regular surveys to identify areas where, for example we need to do more to ensure that colleagues feel cared for and respected.

The Company ensures that the interest of employees is always at the forefront of any decisions made.

Our first and most important value as a Company is to Put Safety First, firmly believing that no asset or goal is worth as much as human life.

The Company participates in a number of Group engagement channels with employees, including the global Employee Engagement Survey, regular employee presentations, annual events such as Global Safety Day and the YourVoice platform which enables employees to anonymously raise any concerns they may have.

# De Beers Jewellers UK Limited

## Directors' report

### for the year ended 31 December 2021

#### Relationships with Suppliers and Customers

The Company aims to be a valued and trusted partner to all members of the industry. This includes the suppliers and customers that we operate with. Supplier engagement takes place throughout the business bodies and initiatives. The Company engages with suppliers and customers through a variety of business and industry forums in addition to direct personal conversation. Topics discussed include terms and conditions of contracts, delivery of product on agreed terms, and ensuring environmentally and socially responsible performance and risk management.

Through the Group Best Practice Principles, the Group have set leading ethical, social and environmental standards, including on human rights and labour conditions, not just for De Beers, but for our whole value chain (our operations, our customers and their contractors).

#### Directors' statement of compliance with duty to promote the success of the Company (Section 172 (1) Statement)

The De Beers Jewellers UK Limited Board is cognisant of its legal duty to act in good faith and to promote the success of the Company for the benefit of its shareholders and with regard to the interests of stakeholders and other factors. These include the likely consequences of any decisions we make in the long term; the need to foster the relationships we have with our stakeholders; the interests of our employees; the impact our operations have on the environment and local communities; and the desire to maintain a reputation for high standards of business conduct.

Stakeholder considerations are integral to discussions at Board meetings and the decisions we make take into account any potential impact on them and the environment. Like any business, we are aware that some of the decisions we make may have an adverse impact on certain stakeholders.

By listening to, understanding and engaging with our stakeholders, the Board endeavours to live up to their expectations, by staying true to the Purpose and making decisions in accordance with our values.

Approved by the Board of Directors and signed on behalf of the Board.



A Pregolato Director  
30 September 2022

## **De Beers Jewellers UK Limited Directors' report (continued) for the year ended 31 December 2021**

The Directors present their report and the audited financial statements for De Beers Jewellers UK Limited (the "Company") for the year ended 31 December 2021.

### **Principal Activities**

The Company is a private company limited by shared and domiciled in the United Kingdom. The Company is a wholly-owned subsidiary of De Beers Jewellers Limited which is incorporated in the United Kingdom (England and Wales). The principal activity of the Company is the retailing of jewellery and diamonds in the UK.

### **Results and dividends and future developments**

The loss for the year, after taxation, amounted to £7,007,453 (2020: £28,228,129). The Directors do not recommend the payment of a dividend (2020: £nil). The Company has responded well to the impact of the UK's departure from the European Union, adapting supply chain arrangements to changes to import and export regulations and the ongoing challenges present due to COVID in the year. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

### **Research and development**

The Company did not undertake any research and development activity in the year (2020: £nil).

### **Financial risk management policy**

The financial risk management policy of the Company is disclosed in the Strategic report.

### **Political donations**

The Company made no political donations during the year or incurred any political expenditure during the year (2020: £nil).

### **Employee involvement**

Details of employee involvement within the Company are disclosed in the Strategic report.

### **Engagement with suppliers, customers and others**

Details of engagement with the Company's suppliers, customers and others are disclosed in the Strategic report.

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the attitude of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. In both cases the Company would seek to make reasonable adjustments to accommodate the disabilities of the applicant/employee. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### **Streamlined energy and carbon reporting**

The Company has elected to apply the exemption of reporting these figures due to the Company's details being included in the Anglo American group annual report. Copies of the Anglo American annual report are available from 17 Charterhouse Street, London, EC1N 6RA, United Kingdom.

### **Going concern**

The Company's ability to operate as a going concern has been assessed by the Directors of the Company and they have concluded that the Company is dependent upon the support of its parent, De Beers Plc, in order to meet its future funding requirements.

De Beers Plc has provided the Directors with a letter confirming that it will continue to provide to the Company such financial support as may be required to allow it to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of these financial statements. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

## **De Beers Jewellers UK Limited Directors' report (continued) for the year ended 31 December 2021**

### **Post balance sheet events**

The Russian invasion of Ukraine has been an evolving situation for many years. However, the recent escalation of the tensions resulting in Russia invading Ukraine took place during February 2022. The geopolitical tensions between Russia and Ukraine, alongside the imposition of international sanctions, have a pervasive economic impact, not only on businesses within Russia and Ukraine, but also globally where businesses engage in economic activities.

The Company has no existence or direct exposure to Russia, Belarus or Ukraine or any of the neighbouring countries who might be affected with the situation. Furthermore, we have no facilities, material customers or suppliers in any of these territories, nor any raw materials or energy supply contracts from them.

At this stage, it is too early to predict any broader potential impacts on the industry, but we continue to monitor the situation closely and will take any necessary actions warranted by unfolding events.

Refer to note 8 for the tax rate changes announced but not enacted subsequent to the year-end.

### **Directors**

The Directors who served throughout the reporting year and up to the date of signing were as follows:

C Assimon  
S Lussier (Resigned 30 June 2022)  
R Giles (Resigned 30 September 2021)  
A Pregolato (Appointed on 27 September 2021)

### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of the approval of the financial statements.

### **Statement of Directors' responsibilities in respect of the financial statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

**De Beers Jewellers UK Limited**  
**Directors' report (continued)**  
**for the year ended 31 December 2021**

**Directors' confirmations**

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Independent auditors**

The independent auditors, PricewaterhouseCoopers LLP, have indicated a willingness to continue in office and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board of Directors and signed on its behalf by:



A Pregnolato Director  
30 September 2022

## **De Beers Jewellers UK Limited**

### **Independent auditors' report to the members of De Beers Jewellers UK Limited**

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

### **Opinion**

In our opinion, De Beers Jewellers UK Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2021; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

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

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

## **De Beers Jewellers UK Limited**

### **Independent auditors' report to the members of De Beers Jewellers UK Limited**

#### **(continued)**

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' report**

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 year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

#### **Responsibilities for the financial statements and the audit Responsibilities of the Directors for the financial statements**

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they 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.

#### **Auditors' 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 auditors' 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.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment, General Data Protection Regulation (GDPR) and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to recording of fictitious business events and/or transactions, changing the timing of recognition of legitimate transactions, establishing or reversing reserves to manipulate results including intentionally biasing assumptions and judgements used to estimate account balances and altering records and terms related to significant or unusual transactions.. Audit procedures performed by the engagement team included:

- enquiry of management and Directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reading the Board of Directors' meeting minutes;
- challenging assumptions and judgements made by management in their significant accounting estimates and judgements; and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or with unusual words.

**De Beers Jewellers UK Limited**  
**Independent auditors' report to the members of De Beers Jewellers UK Limited**  
**(continued)**

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of this report**

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

**Other required reporting**  
**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Laura Burkhardt (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
30 September 2022

**De Beers Jewellers UK Limited**  
**Statement of comprehensive income**  
**for the year ended 31 December 2021**

	Note	2021 £	2020 £
Revenue	4	15,934,445	10,983,194
Cost of Sales		<u>(9,952,732)</u>	<u>(6,590,919)</u>
<b>Gross Profit</b>		<b>5,981,713</b>	<b>4,392,275</b>
Administrative expenses		(9,531,813)	(9,566,703)
Net Impairment losses	5	<u>(2,856,476)</u>	<u>(22,997,573)</u>
<b>Operating Loss</b>	5	<b>(6,406,576)</b>	<b>(28,172,001)</b>
Finance costs	7	<u>(600,877)</u>	<u>(56,128)</u>
<b>Loss before tax</b>		<b>(7,007,453)</b>	<b>(28,228,129)</b>
Income tax expense	8	-	-
<b>Loss and total comprehensive expense for the year</b>		<b><u>(7,007,453)</u></b>	<b><u>(28,228,129)</u></b>

All of the results are derived from continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

**De Beers Jewellers UK Limited**  
**Statement of financial position**  
**as at 31 December 2021**

	Note	2021 £	2020 £
<b>Fixed Assets</b>			
Property, plant and equipment	9	284,181	620,835
<b>Current assets</b>			
Inventories	10	39,736,734	33,806,434
Trade and other receivables	11	2,111,526	1,248,204
Cash and cash equivalents		<u>109,992</u>	<u>506,639</u>
		41,958,252	35,561,277
Creditors - amounts falling due within one year	12	<u>(68,272,022)</u>	<u>(53,415,955)</u>
Net current liabilities		<u>(26,313,770)</u>	<u>(17,854,678)</u>
<b>Total assets less current liabilities</b>		<u><b>(26,029,589)</b></u>	<u><b>(17,233,843)</b></u>
Creditors - amounts falling due after more than one year	13	<u>(19,233,920)</u>	<u>(21,022,213)</u>
<b>Net liabilities</b>		<u><b>(45,263,509)</b></u>	<u><b>(38,256,056)</b></u>
<b>Equity</b>			
Called up share capital	15	1	1
Accumulated losses		<u>(45,263,510)</u>	<u>(38,256,057)</u>
<b>Total equity</b>		<u><b>(45,263,509)</b></u>	<u><b>(38,256,056)</b></u>

The notes on pages 14 to 26 are an integral part of these financial statements.

The financial statements on pages 11 to 26 were approved and authorised for issue by the Board of Directors on 30 September 2022 and were signed on its behalf.

A Pregolato  
30 September 2022

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**De Beers Jewellers UK Limited**  
**Statement of changes in equity**  
**as at 31 December 2021**

	<b>Called up share capital</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance as at 1 January 2020	1	(10,027,928)	(10,027,927)
Loss for the financial year	-	(28,228,129)	(28,228,129)
<b>Balance as at 31 December 2020</b>	<b>1</b>	<b>(38,256,057)</b>	<b>(38,256,056)</b>
Loss for the financial year	-	(7,007,453)	(7,007,453)
<b>Balance as at 31 December 2021</b>	<b>1</b>	<b>(45,263,510)</b>	<b>(45,263,509)</b>

The notes on pages 14 to 26 are an integral part of these financial statements.

# De Beers Jewellers UK Limited

## Notes to the financial statements

### for the year ended 31 December 2021

#### 1. General Information

The Company is a private company, limited by shares, incorporated and registered in the United Kingdom (England and Wales). The address of the Company's registered office is 17 Charterhouse Street, London, EC1N 6RA.

The nature of the Company's operations and its principal activities are set out in the Strategic report and Directors' report on pages 2 to 7.

#### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### 2.1 Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

##### 2.2 Financial reporting standards 101 – reduced disclosure exemptions

The Company meets the definition of a qualifying entity under FRS 101 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements in accordance with FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of the second sentence of paragraph 100 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
- the requirements of paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
  - paragraph 118(e) of IAS 38 Intangible Assets.
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38D, 40A, 40B, 40C, 40D, 111, and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- to requirements of paragraphs 130(f)(ii), 130(f)(iii), 130(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

# De Beers Jewellers UK Limited

## Notes to the financial statements (continued)

### for the year ended 31 December 2021

#### 2. Summary of significant accounting policies (continued)

##### 2.3 New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2021 that have a material impact on the company's financial statements.

The Company has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date. The following new or amended accounting standards, amendments and interpretations not yet adopted are not expected to have a significant impact on the Company:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12; and
- Annual Improvements to IFRS Standards 2018-2020 Cycle.

##### 2.4 Going Concern

The Directors have assessed the financial position of the Company and have concluded that the Company is dependent upon the support of its parent, De Beers Plc, in order to meet its future funding requirements.

De Beers Plc has provided the Directors with a letter confirming that it will continue to provide to the Company such financial support as may be required to allow it to meet its liabilities as they fall due for a period of not less than 12 months from the date of approval of these financial statements. Accordingly, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

##### 2.5 Foreign currency translation

###### (a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Pounds Sterling (£), which is also the Company's functional currency.

###### (b) Transactions and balances

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All foreign exchange gains/losses are presented within administrative expenses in the statement of comprehensive income.

##### 2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Such cost includes costs directly attributable to making the asset capable of operating as intended. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of comprehensive income. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation is provided on all property, plant and equipment so as to write off their carrying value over their expected useful economic lives. It is provided straight line over the following useful life:

Leasehold improvements	3 to 7 years
Plant and machinery	3 to 7 years
Fixtures and fittings	2 to 5 years
Computer equipment	2 to 5 years
Right of use assets	refer to 2.16

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible 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 to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable

## De Beers Jewellers UK Limited

### Notes to the financial statements (continued)

### for the year ended 31 December 2021

#### 2. Summary of significant accounting policies (continued)

##### 2.6 Property, plant and equipment (continued)

amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Costs associated with new store openings, other than those related to tangible fixed assets, are expensed in the period incurred and included within property costs.

##### 2.7 Financial instruments

The Company classifies its financial instruments under the amortised cost category. The classification is a result of the purpose for which the financial instruments were acquired being to collect contractual cashflows that are solely of principal and interest.

Regular way purchases and sales of financial instruments are recognised on trade date, being the date on which the Company commits to purchase or sell the instrument. Assets are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. For financial liabilities these are derecognised once the Company has satisfied the payments of principal and interest to the counterparty.

##### *Financial Assets*

At initial recognition, the Company measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset. The Company classifies its financial assets as amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

It is noted that all of the Company's financial assets fall under this category other than the cash balances.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other operating income/(expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income. The Company's financial assets consist of trade and other receivables and cash and cash equivalents.

# De Beers Jewellers UK Limited

## Notes to the financial statements (continued)

### for the year ended 31 December 2021

#### 2. Significant accounting policies (continued)

##### 2.7 Financial instruments (continued)

###### *Impairment of financial assets.*

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, through the use of an allowance account. The amount of the loss shall be recognised in administration costs.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the balance sheet date.

###### *Financial liabilities*

At initial recognition, the Company measures a financial liability at its fair value less, transactions costs that are directly attributable to the recognition of the financial liability. Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest costs from these financial liabilities are included in finance costs using the effective interest method. The Company's financial liabilities consist of trade and other payables and non-current borrowings.

##### 2.8 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are disclosed to present value where the effect is material.

##### 2.9 Inventories

Inventories are measured at the lower of cost and net realisable value. Raw materials are valued at average purchase cost. Finished goods and goods for resale include the cost of raw materials and labour plus attributable overheads. The net realisable value is calculated as the estimated selling price in the ordinary course of business less further costs expected to be incurred to completion and disposal. Discontinued jewellery is fully impaired, less any recoverable amounts. Active product lines are not impaired as stock is actively selling. Diamonds are not impaired due to their age - every stone has a market value depending on its desirability.

Work-in-progress is measured at the lower of cost, consisting of raw material cost, labour cost and a portion on production overhead expenses and net realisable value.

# De Beers Jewellers UK Limited

## Notes to the financial statements (continued)

### for the year ended 31 December 2021

#### 2. Significant accounting policies (continued)

##### 2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.11 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

##### 2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are initially recognised at fair value and subsequently at amortised cost using the effective interest method. Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

##### 2.13 Taxation

Income tax expense represents the sum of the current tax payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 at the statement of financial position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

##### 2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue is reduced for customer returns. The company recognises revenue when performance obligations have been satisfied and for the company this is when goods have transferred to the customer and the customer has control of these.

##### *Sale of goods*

Revenue represents sales to third parties through retail outlets and the internet from the Company's continuing principal activity, all relating to the United Kingdom.

# De Beers Jewellers UK Limited

## Notes to the financial statements (continued)

### for the year ended 31 December 2021

#### 2. Significant accounting policies (continued)

##### 2.15 Leases

The Company leases its retail properties on various terms, including fixed rental subject to periodic rent review or annual increment, and variable rental which is contingent on turnover.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

##### *Lease liabilities*

Following adoption of IFRS 16, on inception, the lease liability is recognised as the present value of the expected future lease payments, calculated using the Company's incremental borrowing rate, adjusted to reflect the length of the lease and the lease location. Lease liabilities consist of each of the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date. The lease liability is revalued when there is a change in future lease payments arising from a change in an index or rate;
- amounts expected to be payable by the Company under residual value guarantees;
- the exercise price of a purchase option if the Company is certain to exercise, the lease payments after the date of a renewal option if the Company is reasonably certain to exercise its option to renew the lease; and
- payments of penalties for exiting a lease agreement unless the Company is reasonably certain not to exit the lease early.

Lease payments are discounted at the appropriate incremental borrowing rate applicable at the start of the period or where available, at the rate of interest implicit in the lease. To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the company uses that rate as a starting point to determine the incremental borrowing rate.

The lease liability is remeasured when there is a change to the forecast lease payments. When the lease liability is remeasured, an adjustment is made to the corresponding right of use asset.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Variable leasing costs (other than those referred to above) and the costs of non-lease components are not included in the lease liability and are charged to operating costs as they are incurred.

# De Beers Jewellers UK Limited

## Notes to the financial statements (continued)

### for the year ended 31 December 2021

## 2. Significant accounting policies (continued)

### 2.15 Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### *Amendments to IFRS 16 Leases*

As a result of the coronavirus (COVID-19) pandemic, the company has been granted rent concessions for its retail properties where we are the lessee. We have not adopted the optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification for all such concessions to our rental leases.

#### *Leased right of use assets*

Leased right of use assets are included within property, plant and equipment, and on inception of the lease are recognised based on the following:

- the amount of the initial measurement of lease liability;
- adjusted for any lease payments made at or before the commencement date less any lease incentives received;
- plus any initial direct costs; and
- an estimate of costs for dismantling, removing or restoring the underlying asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

#### *Lease expense recharges*

The Company incurs lease costs as a result of recharges from De Beers Jewellers Limited and have included these costs within operating expenses. This lease arrangement was considered short-term in nature and therefore the Company took the IFRS 16 exemption to recognise this as an operating lease expense. Refer to note 5.

## 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on information available, historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances at the dates of preparation of the financial statements. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 3.1 Critical accounting judgement

#### *Impairment of property, plant and equipment*

Property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an impairment is required, the recoverable amount is determined based on value-in-use calculations prepared using management's assumptions and estimates. Cash flow projection used in fair value less costs of disposal impairment models are discounted based on a discount rate, which have been assessed annually at 7.0% (2020: 7.0%). This rate incorporates an adjustment for country risk which we believe would be made by a market participant. Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows, including the risk profile of the asset. Property, plant and equipment of £2,856,481 (2020: £22,997,573) has been impaired in the year.

**De Beers Jewellers UK Limited**  
**Notes to the financial statements (continued)**  
**for the year ended 31 December 2021**

**3.2 Key sources of estimation uncertainty**

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no key sources of estimation uncertainty in applying the Company's accounting policies.

**4. Revenue**

Revenue represents sales to third parties through retail outlets and sales through the internet from the Company's continuing principal activity, all relating to the United Kingdom.

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Sales of goods	<u>15,934,445</u>	<u>10,983,194</u>

**5. Operating loss**

Operating loss is stated after charging:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,225,325	1,320,719
Social security costs	197,518	187,377
Other pension costs	82,176	103,108
<b>Staff costs</b>	<u><b>1,505,019</b></u>	<u><b>1,611,204</b></u>
Audit fees payable to the Company's auditors	28,436	29,693
Depreciation charge on property, plant and equipment (note 9)	399,599	1,792,125
Impairment of tangible fixed assets (note 9)	2,856,476	22,997,573
Lease expense	3,044,716	3,133,878
Net cost of inventories recognised as an expense	<u>9,952,732</u>	<u>6,590,919</u>

Lease expense relates to variable lease payments not included in lease liabilities and lease expenses recharged from De Beers Jewellers Limited relating to the operating lease maintained for the Old Bond Street store lease payments treated as an operating lease. No other fees were payable to the Company's auditors and their associates.

**6. Employees and Directors**

The monthly average number of employees (including Directors) in the year was as follows:

	<b>2021</b>	<b>2020</b>
Executive	-	3
Office Services	<u>24</u>	<u>24</u>
	<u>24</u>	<u>27</u>

De Beers UK Limited remunerates the Directors for their services to the wider De Beers group and the Directors received no specific emoluments for their services to the Company in either the financial year or prior year.

**7. Finance costs**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Bank borrowings	-	(1)
Lease liabilities	<u>600,877</u>	<u>56,129</u>
	<u>600,877</u>	<u>56,128</u>

**De Beers Jewellers UK Limited**  
**Notes to the financial statements (continued)**  
**for the year ended 31 December 2021**

**8. Income tax expense**

**(a) Tax on loss**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Current tax on loss for the year	-	-
Total current tax	<u>-</u>	<u>-</u>

**(b) Factors affecting taxation**

The tax assessed on the loss for the year is lower (2020: lower) than the standard rate of corporation tax in the United Kingdom for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Loss before tax	(7,007,453)	(28,228,129)
Tax on loss at standard UK tax rate of 19% (2020: 19%)	(1,331,416)	(5,363,345)
Effect of expenses not deductible for tax purposes	505,255	199,988
Effects of group relief / other reliefs	636,348	5,142,052
Amounts not recognised	<u>189,813</u>	<u>21,305</u>
Total tax for the financial year	<u>-</u>	<u>-</u>

**(c) Factors that may affect future tax charges**

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This new law was substantively enacted on 24 May 2021 and is included in these financial statements.

On 23 September 2022, it was announced that the corporation tax rate change from 19% to 25% with effect from 1 April 2023 was to be cancelled. This was not substantively enacted at the balance sheet date and therefore the impact of this change is not reflected in the measurement of deferred tax.

**(d) Deferred tax**

A deferred tax asset has not been recognised in the period in respect of depreciation in advance of capital allowances and tax losses available for consortium relief on the basis that it is not certain a consortium relief claim will be made for which payment at the tax rate will be received. The amount of potential deferred tax asset not recognised is £7,909,039 (2020: £665,082).

**De Beers Jewellers UK Limited**  
**Notes to the financial statements (continued)**  
**for the year ended 31 December 2021**

**9. Property, plant and equipment**

<b>Cost</b>	<b>Leasehold improvements</b>	<b>Plant and machinery</b>	<b>Fixtures and fittings</b>	<b>Computer Equipment</b>	<b>Right of Use</b>	<b>Total</b>
	£	£	£	£	£	£
At 1 January 2020	2,401,341	70,043	1,864,456	92,779	1,728,427	6,157,046
Additions	822,485	-	-	14,196	24,294,193	25,130,874
Disposals	-	-	-	-	(2,527,815)	(2,527,815)
At 31 December 2020	3,223,826	70,043	1,864,456	106,975	23,494,805	28,760,105
Additions	2,373,417	-	934,013	5,555	-	3,312,985
Disposals	(563,555)	(1,868)	(1,180,757)	(47,590)	(370,624)	(2,164,394)
At 31 December 2021	5,033,688	68,175	1,617,712	64,940	23,124,181	29,908,696
<b>Accumulated Depreciation and Impairment</b>						
At 1 January 2020	1,540,144	62,641	1,800,112	79,631	1,595,471	5,077,999
Charge for the year	292,434	3,416	19,480	9,925	1,466,869	1,792,125
Disposals	-	-	-	-	(1,728,427)	(1,728,427)
Impairment	822,485	-	-	14,196	22,160,892	22,997,573
At 31 December 2020	2,655,063	66,057	1,819,592	103,752	23,494,805	28,139,270
Charge for the year	353,769	3,417	39,112	3,301	-	399,599
Disposals	(563,555)	(1,868)	(1,157,817)	(47,590)	-	(1,770,830)
Impairment	2,324,170	-	897,453	5,477	(370,624)	2,856,476
At 31 December 2021	4,769,447	67,606	1,598,340	64,940	23,124,181	29,624,515
<b>Carrying amount</b>						
At 31 December 2021	264,241	569	19,372	-	-	284,181
At 31 December 2020	568,763	3,986	44,864	3,223	-	620,835

As at 31 December 2021, the Company had no capital commitments not included in the financial statements (2020: £nil).

Property, plant and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. Where an impairment is required, the recoverable amount is determined based on value-in-use calculations prepared using various estimates to perform the review which are subject to uncertainty. The value in use method use cash flow projections based on financial budgets and forecasts and a discount rate of 7.0%. This review has given rise to an impairment charge of £2,856,476 (2020: £22,997,573). Please note that for the purpose of the impairment review the store assets (mainly property, plant and equipment) are aggregated to form the cash generating unit and the carrying value is compared to the discounted future cashflows. The impairment recognised in the current year will be reviewed on an annual basis and adjusted when deemed necessary.

On adoption of IFRS 16 Leases, right-of-use assets for items formerly recognised as leased under operating leases were recognised within property, plant and equipment. Leased assets relate to stores. Corresponding lease liabilities were recognised within short-term and long-term payables. Refer to note 12 and 13.

**De Beers Jewellers UK Limited**  
**Notes to the financial statements (continued)**  
**for the year ended 31 December 2021**

**10. Inventories**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Raw materials and consumables	2,047	51,474
Work in progress	7,324	6,132
Finished goods and goods for resale	<u>39,727,363</u>	<u>33,748,828</u>
	<u><u>39,736,734</u></u>	<u><u>33,806,434</u></u>

Inventories are stated after provisions for impairment of £nil (2020:£nil).

**11. Trade and other receivables**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade receivables	145,715	262,743
Other receivables	1,957,827	940,810
Prepayments and accrued income	<u>7,984</u>	<u>44,651</u>
	<u><u>2,111,526</u></u>	<u><u>1,248,204</u></u>

**12. Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade payables	108,023	135,500
Amounts due to parent company	63,995,122	50,444,759
Other taxation and social security	41,861	43,007
Accruals and other creditors	2,466,042	1,677,839
Lease liabilities	<u>1,794,861</u>	<u>1,114,850</u>
	<u><u>68,272,022</u></u>	<u><u>53,415,955</u></u>

Amounts due to parent company are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**13. Creditors: amounts falling due after more than one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<i>Amounts falling due after more than one year and less than five years</i>		
Lease liabilities	5,322,229	5,769,637
<i>Amounts falling due after more than five years</i>		
Lease liabilities	<u>13,911,691</u>	<u>15,252,576</u>
	<u><u>19,233,920</u></u>	<u><u>21,022,213</u></u>

The Company leases its retail properties on various terms, including fixed rental subject to periodic rent review or annual increment, and variable rental which is contingent on turnover. Refer to note 9 for the right-of-use assets movement during the year.

**De Beers Jewellers UK Limited**  
**Notes to the financial statements (continued)**  
**for the year ended 31 December 2021**

**14. Leases**

Maturity analysis:	<b>2021</b>	<b>2020</b>
	£	£
Year 1	2,341,986	1,675,096
Year 2	1,897,723	2,341,986
Year 3	1,750,000	1,897,723
Year 4	1,750,000	1,750,000
Year 5	1,750,000	1,750,000
Year 6+	15,713,702	17,457,661
	<u>25,203,411</u>	<u>26,872,466</u>
Less unearned interest	<u>(4,174,630)</u>	<u>(4,735,403)</u>
	<u>21,028,781</u>	<u>22,137,063</u>

Corresponding right-of-use assets were recognised within Property, plant and equipment. Refer to note 9.

<i>Amounts recognised in the income statement</i>	<b>2021</b>	<b>2020</b>
	£	£
Depreciation (note 9)	-	1,466,869
Interest expense (included in finance costs, note 7)	600,877	56,129
Expense relating to variable lease payments not included in lease liabilities and lease expenses recharged from parent company (included in operating expenses)	3,044,716	3,133,878

The total cash outflow for leases was £4,325,347 (2020: £3,818,303).

**15. Called up share capital**

Ordinary shares of £1 each	<b>No.</b>	<b>Amount</b>
		£
<b>Allotted and fully paid</b>		
At 1 January 2021	1	1
Issued during the year	<u>-</u>	<u>-</u>
<b>At 31 December 2021</b>	<u>1</u>	<u>1</u>

**16. Controlling parties**

The Company's immediate parent undertaking is De Beers Jewellers Limited, a company incorporated in the United Kingdom (England and Wales) (registered number 04117269). The registered office of De Beers Jewellers Limited is 17 Charterhouse Street, London, EC1N 6RA.Z

The parent undertaking of the smallest such group and for which group accounts are prepared is De Beers plc, a Company incorporated in Jersey (registered number 122752). The registered office of De Beers plc is 3rd Floor, 44 Esplanade, St Helier, Jersey, JE4 9WG.

The ultimate parent undertaking is Anglo American plc, a public limited company incorporated in the United Kingdom (England and Wales). The registered office of Anglo American plc is 17 Charterhouse Street, London, EC1N 6RA.

**De Beers Jewellers UK Limited**  
**Notes to the financial statements (continued)**  
**for the year ended 31 December 2021**

**17. Subsequent events**

The Russian invasion of Ukraine has been an evolving situation for many years. However, the recent escalation of the tensions resulting in Russia invading Ukraine took place during February 2022. The geopolitical tensions between Russia and Ukraine, alongside the imposition of international sanctions, have a pervasive economic impact, not only on businesses within Russia and Ukraine, but also globally where businesses engage in economic activities.

The Company has no existence or direct exposure to Russia, Belarus or Ukraine or any of the neighbouring countries who might be affected with the situation. Furthermore, we have no facilities, material customers or suppliers in any of these territories, nor any raw materials or energy supply contracts from them.

At this stage, it is too early to predict any broader potential impacts on the industry, but we continue to monitor the situation closely and will take any necessary actions warranted by unfolding events.

Refer to note 8 for the tax rate changes announced but not enacted subsequent to the year-end.