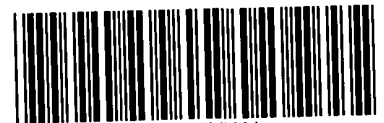


Company Registration No. 01222727 (England and Wales)

FBM METALS (U.K.) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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FBM METALS (U.K.) LIMITED

COMPANY INFORMATION

Directors	M.J. Wilkinson H.E. Wilkinson M.S. Gawne
Secretary	L.J. Hodson
Company number	01222727
Registered office	Morton House 80a Victoria Street St Albans Hertfordshire AL1 3XH
Auditor	Littlestones Morton House 80a Victoria Street St Albans Hertfordshire AL1 3XH

FBM METALS (U.K.) LIMITED

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FBM METALS (U.K.) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

The continual increase in LME zinc price through 2016, together with an increase in tonnage throughput, resulted in an increase in turnover from £8.91m to £11.95m. Profits have increased accordingly. The companies reserves have also increased from £4.22m to £5.13m as shown in the Statement of Financial Position on page 8.

In 2017 we will see a continuation of the high zinc prices of 2016, together with a greater increase to the throughput, which will bring about a continued increase to our turnover and profit. The company's market share remains high, together with the successful development into new areas.

Principal risks and uncertainties

Changing global economic conditions continues to be the main risk affecting this business.

Development and performance

The results for the year and the financial position at the end of the year were considered to be highly satisfactory by the directors, who expect to see continued growth in the next year.

Key performance indicators

The higher metal prices and increased throughput are reflected in the increased gross profit of £1.142m (2015: £0.42m) being 9.56% of sales in 2016 (2015: 4.75%).

On behalf of the board



M.S. Gawne

Director

22 September 2017

FBM METALS (U.K.) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continues to be trading in metals.

Directors

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

M.J. Wilkinson
H.E. Wilkinson
M.S. Gawne

Results and dividends

The results for the year are set out on page 6.

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

Future developments

The company intends to continue trading in the same area of activity.

Auditor

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

Statement of directors' responsibilities

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.

FBM METALS (U.K.) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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



M.S. Gawne

Director

22 September 2017

FBM METALS (U.K.) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FBM METALS (U.K.) LIMITED

We have audited the financial statements of FBM Metals (U.K.) Limited for the year ended 31 December 2016 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Opinion 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.

FBM METALS (U.K.) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FBM METALS (U.K.) LIMITED

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 and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



**Victor Drexler (Senior Statutory Auditor)
for and on behalf of Littlestones**

22 September 2017

**Chartered Accountants
Statutory Auditor**

Morton House
80a Victoria Street
St Albans
Hertfordshire
AL1 3XH

FBM METALS (U.K.) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	11,953,699	8,907,118
Cost of sales		(10,811,233)	(8,483,931)
Gross profit		1,142,466	423,187
Distribution costs		(39,159)	(32,790)
Administrative expenses		(33,288)	(267,590)
Operating profit	4	1,070,019	122,807
Interest receivable and similar income	7	65,955	51,680
Interest payable and similar expenses	8	(53)	(129)
Profit before taxation		1,135,921	174,358
Tax on profit	9	(227,846)	(36,086)
Profit for the financial year	20	908,075	138,272

The Income Statement has been prepared on the basis that all operations are continuing operations.

FBM METALS (U.K.) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	£	£
Profit for the year	908,075	138,272
Other comprehensive income	-	-
Total comprehensive income for the year	<u>908,075</u>	<u>138,272</u>

FBM METALS (U.K.) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	10		20,356		29,174
Current assets					
Stocks	12	718,662		887,508	
Debtors	13	5,593,781		3,778,800	
Cash at bank and in hand		760,843		606,329	
		<u>7,073,286</u>		<u>5,272,637</u>	
Creditors: amounts falling due within one year	14	<u>(1,964,760)</u>		<u>(1,081,004)</u>	
Net current assets			<u>5,108,526</u>		<u>4,191,633</u>
Total assets less current liabilities			<u>5,128,882</u>		<u>4,220,807</u>
Capital and reserves					
Called up share capital	18		10		10
Capital redemption reserve	19		90		90
Profit and loss reserves	20		<u>5,128,782</u>		<u>4,220,707</u>
Total equity			<u>5,128,882</u>		<u>4,220,807</u>

The financial statements were approved by the board of directors and authorised for issue on 22 September 2017 and are signed on its behalf by:



H.E. Wilkinson
Director

Company Registration No. 01222727

FBM METALS (U.K.) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2015	10	90	4,082,435	4,082,535
Year ended 31 December 2015: Profit and total comprehensive income for the year	-	-	138,272	138,272
Balance at 31 December 2015	10	90	4,220,707	4,220,807
Year ended 31 December 2016: Profit and total comprehensive income for the year	-	-	908,075	908,075
Balance at 31 December 2016	10	90	5,128,782	5,128,882

FBM METALS (U.K.) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	23		226,620		(1,806,770)
Interest paid			(53)		(129)
Income taxes paid			(112,303)		(109,087)
Net cash inflow/(outflow) from operating activities			114,264		(1,915,986)
Investing activities					
Purchase of tangible fixed assets		(2,853)		-	
Proceeds on disposal of tangible fixed assets		4,700		22,000	
Interest received		65,955		51,680	
Net cash generated from investing activities			67,802		73,680
Financing activities					
Repayment of derivatives		(19,193)		16,573	
Net cash (used in)/generated from financing activities			(19,193)		16,573
Net increase/(decrease) in cash and cash equivalents			162,873		(1,825,733)
Cash and cash equivalents at beginning of year			597,970		2,423,703
Cash and cash equivalents at end of year			760,843		597,970
Relating to:					
Cash at bank and in hand			760,843		606,329
Bank overdrafts included in creditors payable within one year			-		(8,359)

FBM METALS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

FBM Metals (U.K.) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Morton House, 80a Victoria Street, St Albans, Hertfordshire, AL1 3XH.

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 £1.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The company's business activities and financial position, together with factors likely to affect its future development, performance and position are set out in the strategic report on page 1 and the directors' report on pages 2 to 3.

The company is expected to generate positive operating cash flows for the foreseeable future and has adequate financial resources. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the uncertain economic climate.

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 the annual 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. Sales are recognised when zinc material sales are delivered to customers.

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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

FBM METALS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.4 Tangible fixed assets

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

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

Short leasehold property	10% per annum on cost
Fixtures, fittings and equipment	20% per annum on written down book value
Computer equipment	33 1/3% per annum on cost
Motor vehicles	25% per annum on written down book value

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.

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 and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and 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.

FBM METALS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.7 Cash at bank and in hand

Cash at bank and in hand 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 statement of financial position 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.

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.

FBM METALS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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.

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.

FBM METALS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

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 direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 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 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 by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

FBM METALS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.12 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.

1.13 Retirement benefits

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

1.14 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 are included in the income statement for the period.

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 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.

FBM METALS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Turnover and other revenue

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

	2016 £	2015 £
Turnover analysed by class of business		
Metal Trading	11,953,699	8,907,118

	2016 £	2015 £
Other significant revenue		
Interest income	65,955	51,680

	2016 £	2015 £
Turnover analysed by geographical market		
United Kingdom	332,724	235,699
Overseas	11,620,975	8,671,419
	11,953,699	8,907,118

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(224,945)	(72,093)
Fees payable to the company's auditor for the audit of the company's financial statements	26,250	27,500
Depreciation of owned tangible fixed assets	7,184	12,648
(Profit)/loss on disposal of tangible fixed assets	(213)	2,188
Cost of stocks recognised as an expense	10,811,233	8,483,931

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £224,945 (2015 - £72,093).

FBM METALS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

5 Employees

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

	2016 Number	2015 Number
Directors	3	3
Other staff	4	4
	<u>7</u>	<u>7</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	122,955	149,291
Social security costs	10,917	17,641
Pension costs	-	450
	<u>133,872</u>	<u>167,382</u>

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	<u>30,051</u>	<u>34,165</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2015 - 1).

7 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	582	844
Interest receivable from group companies	65,373	50,671
Other interest income	-	165
	<u>65,955</u>	<u>51,680</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>582</u>	<u>844</u>
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FBM METALS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

8 Interest payable and similar expenses

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	53	5
Other finance costs:		
Other interest	-	124
	<u>53</u>	<u>129</u>

9 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	227,322	37,303
	<u>227,322</u>	<u>37,303</u>
Deferred tax		
Origination and reversal of timing differences	524	(1,217)
	<u>524</u>	<u>(1,217)</u>
Total tax charge	<u>227,846</u>	<u>36,086</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:

	2016 £	2015 £
Profit before taxation	1,135,921	174,358
	<u>1,135,921</u>	<u>174,358</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.06%)	227,184	34,976
Tax effect of expenses that are not deductible in determining taxable profit	662	1,110
	<u>227,846</u>	<u>36,086</u>
Taxation charge for the year	<u>227,846</u>	<u>36,086</u>

FBM METALS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

10 Tangible fixed assets

	Short leasehold property £	Fixtures, fittings and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2016	6,338	13,200	32,298	74,934	126,770
Additions	-	-	2,853	-	2,853
Disposals	-	-	(7,794)	(14,184)	(21,978)
At 31 December 2016	6,338	13,200	27,357	60,750	107,645
Depreciation and impairment					
At 1 January 2016	6,337	11,574	32,109	47,576	97,596
Depreciation charged in the year	-	326	1,140	5,718	7,184
Eliminated in respect of disposals	-	-	(7,794)	(9,697)	(17,491)
At 31 December 2016	6,337	11,900	25,455	43,597	87,289
Carrying amount					
At 31 December 2016	1	1,300	1,902	17,153	20,356
At 31 December 2015	1	1,626	189	27,358	29,174

11 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	5,238,694	3,622,668
Instruments measured at fair value through profit or loss	2,620	-
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	-	16,573
Measured at amortised cost	1,827,284	1,042,773

12 Stocks

	2016 £	2015 £
Finished goods and goods for resale	718,662	887,508

FBM METALS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

13 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,985,375	1,041,024
Amounts due from group undertakings	3,197,044	2,576,929
Derivative financial instruments	2,620	-
Other debtors	380,147	76,601
Prepayments and accrued income	21,498	76,625
	<u>5,586,684</u>	<u>3,771,179</u>
Amounts falling due after more than one year:		
Deferred tax asset (note 16)	<u>7,097</u>	<u>7,621</u>
Total debtors	<u>5,593,781</u>	<u>3,778,800</u>

The amount due from the parent undertaking includes a loan of £2.25m for the purchase of shares of FBM Metals (UK) Limited with interest payable at 2.5% above base rate of Royal Bank of Scotland. There is no fixed date for repayment.

14 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	15	-	8,359
Trade creditors		1,009,279	536,540
Corporation tax		127,322	12,303
Other taxation and social security		10,154	9,355
Derivative financial instruments		-	16,573
Other creditors		1,839	1,965
Accruals and deferred income		816,166	495,909
		<u>1,964,760</u>	<u>1,081,004</u>

15 Loans and overdrafts

	2016 £	2015 £
Bank overdrafts	<u>-</u>	<u>8,359</u>
Payable within one year	<u>-</u>	<u>8,359</u>

FBM METALS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

16 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2016 £	Assets 2015 £
Balances:		
Accelerated Capital Allowances	7,097	7,621
	<u> </u>	<u> </u>
Movements in the year:		2016 £
Liability/(Asset) at 1 January 2016		(7,621)
Charge to profit or loss		524
		<u> </u>
Liability/(Asset) at 31 December 2016		(7,097)
		<u> </u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

17 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	-	450
	<u> </u>	<u> </u>

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.

18 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
10 'B' Ordinary Shares of £1 each	10	10
	<u> </u>	<u> </u>

19 Capital redemption reserve

	2016 £	2015 £
At beginning and end of year	90	90
	<u> </u>	<u> </u>

FBM METALS (U.K.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

20 Profit and loss reserves

	2016 £	2015 £
At the beginning of the year	4,220,707	4,082,435
Profit for the year	908,075	138,272
At the end of the year	<u>5,128,782</u>	<u>4,220,707</u>

21 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2016 £	2015 £
Aggregate compensation	<u>30,051</u>	<u>34,165</u>

22 Controlling party

The parent company of FBM Metals (U.K.) Limited is FBM Holdings Limited.

The ultimate controlling party is H. E. Wilkinson.

23 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	908,075	138,272
Adjustments for:		
Taxation charged	227,846	36,086
Finance costs	53	129
Investment income	(65,955)	(51,680)
(Gain)/loss on disposal of tangible fixed assets	(213)	2,188
Depreciation and impairment of tangible fixed assets	7,184	12,648
Movements in working capital:		
Decrease/(increase) in stocks	168,846	(19,020)
(Increase) in debtors	(1,560,899)	(1,638,032)
Increase/(decrease) in creditors	541,683	(287,361)
Cash generated from/(absorbed by) operations	<u>226,620</u>	<u>(1,806,770)</u>