

Registration number: 01476788

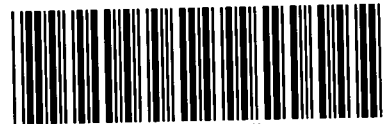
ELG Utica Alloys Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016



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ELG Utica Alloys Limited

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ELG Utica Alloys Limited

Company Information

Directors	Mr R A Hannam Mr A Jones Mr D Orlov
Registered office	Unit 1 Adwick Park Manvers Rotherham South Yorkshire S63 5AB
Bankers	HSBC Bank plc 35 College Street Rotherham S65 1AF
Auditors	Hawsons Chartered Accountants Statutory Auditors Pegasus House 463a Glossop Road Sheffield South Yorkshire S10 2QD

ELG Utica Alloys Limited

Strategic Report for the Year Ended 31 December 2016

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

Fair review of the business

The performance of the group by activity measured by sales value is set out below:

	2016		2015	
	£	%	£	%
Haulage & Packaging	-		910,591	1.45
New processing division	1,776,791	4.59	2,585,988	6.69
Speciality Alloys	36,909,200	95.41	35,162,678	91.86
	<u>38,685,991</u>	<u>100</u>	<u>38,659,257</u>	<u>100</u>

During 2016 turnover has been maintained whilst continuing to trade through tough market condition comprising of poor demand in the market place, depressed commodity prices and an influx of cheap metals from China.

The board has focused its attention during these challenging times on supporting suppliers and customers to ensure a strong base for future growth. During the tough conditions, the business has continued to consolidated its position within ELG Haniel which it was acquired by in 2013, leveraging the groups place as a world leading metal recycling business.

There was an improvement in trading conditions during the last quarter of 2016 and the business was well positioned to take full advantage following the boards focus on improving the company's position within the Super Alloy sector.


Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks are considered to be

- Global economic recovery; the business buys and sells material globally, and demand and production of scrap is key to business success;
- Metal price movements; the business holds a large quantity of inventory, and movements in metal prices can effect the margins of the business;
- Currency movements; the business holds a large quantity of inventory, and movements in currencies can effect the margins of the business.

As part of its management control, the Board continuously reviews business risks. Furthermore, an external BSI audit of management systems is performed each year as part of the company's ISO9001 accreditation.

Approved by the Board on 16 MAY 2017 and signed on its behalf by:


Mr A Jones
Director

ELG Utica Alloys Limited

Directors' Report for the Year Ended 31 December 2016

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

Directors of the company

The directors who held office during the year were as follows:

Mr R A Hannam - Director

Mr A Jones - Director

Mr D Orlov - Director

Mr M Ridgeway - Director (resigned 18 May 2016)

Principal activity

The principal activity of the company is the sourcing, processing and supply of primary and secondary alloys and metals. The company also provides haulage services.

Disclosure of information to the auditors

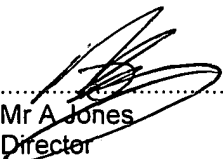
The directors of the company who held office at the date of the approval of this Annual Report as set out above confirm that:

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Hawsons Chartered Accountants as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 16 MAY 2017 and signed on its behalf by:


.....
Mr A Jones
Director

ELG Utica Alloys Limited

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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ELG Utica Alloys Limited

Independent Auditor's Report to the Members

We have audited the financial statements of ELG Utica Alloys Limited for the year ended 31 December 2016, set out on pages 7 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).

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 Statement of Directors' Responsibilities (set out on page 4), 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 (APB's) Ethical Standards for Auditors to the financial statements.

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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

ELG Utica Alloys Limited

Independent Auditor's Report to the Members (continued)

Matters on which we are required to report by exception

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

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



Christopher Hill (Senior Statutory Auditor)

For and on behalf of Hawsons Chartered Accountants, Statutory Auditor

Pegasus House
463a Glossop Road
Sheffield
South Yorkshire
S10 2QD

Date: 17/5/17

ELG Utica Alloys Limited

Statement of Comprehensive Income for the Year Ended 31 December 2016

	Note	2016 Continuing operations £	2015 Continuing operations £	2015 Discontinued operations £	2015 Total £
Turnover	2	38,685,991	37,748,666	910,591	38,659,257
Cost of sales		<u>(35,557,000)</u>	<u>(34,943,439)</u>	<u>(210,129)</u>	<u>(35,153,568)</u>
Gross profit		3,128,991	2,805,227	700,462	3,505,689
Distribution costs		(251,741)	(380,824)	(258,989)	(639,813)
Administrative expenses		(2,652,010)	(3,152,063)	(265,137)	(3,417,200)
Other operating income		<u>74,280</u>	<u>86,546</u>	<u>-</u>	<u>86,546</u>
Operating profit/(loss)	3	<u>299,520</u>	<u>(641,114)</u>	<u>176,336</u>	<u>(464,778)</u>
Profit on disposal of fixed asset investments		-	719,813	-	719,813
Other interest receivable and similar income	7	52,436	66,493	-	66,493
Interest payable and similar charges	8	<u>(220,612)</u>	<u>(258,047)</u>	<u>(49)</u>	<u>(258,096)</u>
		<u>(168,176)</u>	<u>528,259</u>	<u>(49)</u>	<u>528,210</u>
Profit/(loss) before tax		131,344	(112,855)	176,287	63,432
Taxation	9	<u>(294,229)</u>	<u>29,623</u>	<u>-</u>	<u>29,623</u>
(Loss)/profit for the financial year		<u>(162,885)</u>	<u>(83,232)</u>	<u>176,287</u>	<u>93,055</u>
Total comprehensive income for the financial year		<u>(162,885)</u>	<u>(83,232)</u>	<u>176,287</u>	<u>93,055</u>

All comprehensive income for the financial year is attributable to equity holders of the parent company.

The notes on pages 11 to 23 form an integral part of these financial statements.


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ELG Utica Alloys Limited

(Registration number: 01476788)
Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	10	-	-
Tangible assets	11	6,009,213	6,595,284
Investments	12	379,032	379,032
		<u>6,388,245</u>	<u>6,974,316</u>
Current assets			
Stocks	13	15,258,485	12,838,253
Debtors	14	11,694,458	10,657,024
Cash at bank and in hand		15,507	546,592
		<u>26,968,450</u>	<u>24,041,869</u>
Creditors: Amounts falling due within one year	15	<u>(17,831,360)</u>	<u>(15,334,447)</u>
Net current assets		<u>9,137,090</u>	<u>8,707,422</u>
Total assets less current liabilities		15,525,335	15,681,738
Provisions for liabilities	18	<u>(6,482)</u>	<u>-</u>
Net assets		<u>15,518,853</u>	<u>15,681,738</u>
Capital and reserves			
Called up share capital	16	25,186	25,186
Share premium reserve		47,468	47,468
Capital redemption reserve		17,333	17,333
Profit and loss account		<u>15,428,866</u>	<u>15,591,751</u>
Total equity		<u>15,518,853</u>	<u>15,681,738</u>

These financial statements were approved and authorised for issue by the Board on 16 MAR 2017
and signed on its behalf by:


.....
Mr A Jones
Director

ELG Utica Alloys Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2016	25,186	47,468	17,333	15,591,751	15,681,738
Loss for the year	-	-	-	(162,885)	(162,885)
Total comprehensive income	-	-	-	(162,885)	(162,885)
At 31 December 2016	25,186	47,468	17,333	15,428,866	15,518,853

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2015	25,186	47,468	17,333	15,498,696	15,588,683
Profit for the year	-	-	-	93,055	93,055
Total comprehensive income	-	-	-	93,055	93,055
At 31 December 2015	25,186	47,468	17,333	15,591,751	15,681,738

The notes on pages 11 to 23 form an integral part of these financial statements.

ELG Utica Alloys Limited

Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
(Loss)/profit for the year		(162,885)	93,055
Finance income		(52,436)	(66,493)
Finance costs		220,612	258,096
Income tax expense		294,229	(29,623)
Profit from disposal of investments		-	(719,813)
Operating profit		299,520	(464,778)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	3	644,553	872,254
Profit on disposal of property plant and equipment		(9,988)	(7,378)
		934,085	400,098
Working capital movements			
(Increase)/decrease in inventories		(2,420,232)	2,645,782
(Increase)/decrease in trade and other receivables		(1,311,150)	9,886,569
Increase/(decrease) in trade and other payables		3,670,364	(12,036,548)
Cash generated from operations		873,067	895,901
Income taxes (paid)/received		(14,031)	62,206
Net cash flow from operating activities		859,036	958,107
Cash flows from investing activities			
Interest received		52,436	66,493
Purchase of investments		-	(46,501)
Proceeds from sale of fixed asset investments		-	720,363
Acquisitions of tangible fixed assets		(68,462)	(3,254,453)
Proceeds from sale of tangible fixed assets		19,968	160,523
Purchase of goodwill		-	(361,001)
Deferred tax asset transferred with trade		-	(199,030)
HP and finance lease interest		-	(352)
Net cash flows from investing activities		3,942	(2,913,958)
Cash flows from financing activities			
Interest paid		(220,612)	(257,744)
Payments to finance lease creditors		-	(20,089)
Net cash flows from financing activities		(220,612)	(277,833)
Net increase/(decrease) in cash and cash equivalents		642,366	(2,233,684)
Cash and cash equivalents at 1 January	17	(1,422,486)	811,198
Cash and cash equivalents at 31 December	17	(780,120)	(1,422,486)

The notes on pages 11 to 23 form an integral part of these financial statements.

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 Accounting policies

Statutory information

ELG Utica Alloys Limited is a private company, limited by shares, domiciled in England and Wales, company number 01476788. The registered office is at Unit 1 Adwick Park, Manvers, Rotherham, South Yorkshire, S63 5AB.

Summary of significant accounting policies and key accounting estimates

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.

Exemption from preparing group accounts

As a wholly owned subsidiary of a company established under the law of an EEA state (see note 23) the company is exempt under section 400 of the Companies Act 2006 from preparing and delivering to the Registrar of Companies consolidated financial statements. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the company.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and buildings	4% straight line
Motor vehicles	20% - 25% reducing balance
Plant and machinery	25% reducing balance
Fixtures and fittings	25% reducing balance

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Stocks

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

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

Deferred tax

Deferred tax shall be recognised in respect of all timing differences at the reporting date, except as otherwise required by FRS102. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Unrelieved tax losses and other deferred tax assets shall be recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments are included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

Pensions

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

Derivative financial instruments and hedging

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and nickel prices. The company uses foreign exchange forward contracts and forward nickel contracts to hedge these exposures. The company does not use derivative financial instruments for speculative purposes.

Changes in the fair value of derivatives are recognised in the income statement as they arise.

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Revenue

An analysis of turnover by geographical location is given below:

	2016 £	2015 £
Sales - UK	8,683,410	10,134,002
Sales - Europe	16,159,996	17,569,895
Sales - USA	8,525,040	5,856,020
Sales - Rest of world	5,317,545	5,099,340
	<u>38,685,991</u>	<u>38,659,257</u>

During the year 77.55% (2015 - 73.77%) of the company's turnover related to exports.

3 Operating profit/(loss)

Arrived at after charging/(crediting)

	2016 £	2015 £
Operating lease expense - land and buildings	-	71,318
Operating lease expense - plant and machinery	110,993	27,093
Foreign currency (gains)/losses	582,640	(1,267,058)
Profit on disposal of tangible fixed assets	(9,988)	(7,378)
Depreciation of owned assets	644,553	492,002
Depreciation of assets held under finance lease and hire purchase contracts	-	19,252
Amortisation expense	-	361,001
Auditor's remuneration	<u>42,000</u>	<u>42,000</u>

4 Auditors' remuneration

	2016 £	2015 £
Audit of the financial statements	31,500	31,500
Other fees to auditors		
Other services	<u>10,500</u>	<u>10,500</u>
	<u>42,000</u>	<u>42,000</u>

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

5 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016	2015
	No.	No.
Production	51	69
Administration and support	11	11
	<u>62</u>	<u>80</u>

The aggregate payroll costs were as follows:

	2016	2015
	£	£
Wages and salaries	2,065,028	2,465,275
Social security costs	209,619	274,628
Pension costs, defined contribution scheme	56,324	73,346
	<u>2,330,971</u>	<u>2,813,249</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016	2015
	£	£
Remuneration (including benefits in kind)	151,413	219,084
Contributions paid to money purchase schemes	7,000	19,690
	<u>158,413</u>	<u>238,774</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2016	2015
	No.	No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2016	2015
	£	£
Remuneration	134,393	147,530
Company contributions to money purchase pension schemes	7,000	7,000
	<u>141,393</u>	<u>154,530</u>

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

7 Other interest receivable and similar income

	2016 £	2015 £
Other interest receivable	13	2,138
Interest receivable from group companies	52,423	64,355
	<u>52,436</u>	<u>66,493</u>

8 Interest payable and similar charges

	2016 £	2015 £
Interest on bank borrowings	20,861	15,172
Interest on loans from group undertakings	199,751	242,572
Finance charges	-	352
	<u>220,612</u>	<u>258,096</u>

9 Taxation

Tax charged/(credited) in the income statement

	2016 £	2015 £
Current taxation		
Corporation tax charge	48,531	-
Adjustments in respect of previous years	-	3,562
	<u>48,531</u>	<u>3,562</u>
Deferred taxation		
Origination and reversal of timing differences	<u>245,698</u>	<u>(33,185)</u>
Total tax on profit on ordinary activities	<u>294,229</u>	<u>(29,623)</u>

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

Factors affecting current tax charge for the year

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	131,344	63,432
Corporation tax at standard rate	26,269	12,845
Capital allowances for the period in excess of depreciation	58,713	(5,866)
Movement in provision not deductible for tax	-	(13,119)
Expenses not deductible for tax	1,088	104,928
Non taxable income on sale of group investments	-	(145,762)
Prior year adjustment	-	3,562
Corporation tax losses utilised in year	(37,539)	-
Corporation tax losses carried forward	-	46,974
Total tax charge	48,531	3,562

Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
2016		
Accelerated capital allowances	-	67,619
Unutilised losses	61,137	-
	61,137	67,619

	Asset £	Liability £
2015		
Accelerated capital allowances	-	82,365
Unutilised losses	321,581	-
	321,581	82,365

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Intangible assets

	Goodwill £
Cost	
At 1 January 2016 and 31 December 2016	361,001
Amortisation	
At 1 January 2016 and 31 December 2016	<u>361,001</u>
Net book value	
At 31 December 2015 and 31 December 2016	<u><u>-</u></u>

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 **(continued)**

11 Tangible assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2016	5,328,658	3,267,387	224,789	84,175	8,905,009
Additions	5,900	45,889	16,673	-	68,462
Disposals	-	(29,828)	-	(43,685)	(73,513)
At 31 December 2016	<u>5,334,558</u>	<u>3,283,448</u>	<u>241,462</u>	<u>40,490</u>	<u>8,899,958</u>
Depreciation					
At 1 January 2016	571,891	1,525,869	141,683	70,282	2,309,725
Charge for the year	228,756	379,892	27,965	7,940	644,553
Eliminated on disposal	-	(25,801)	-	(37,732)	(63,533)
At 31 December 2016	<u>800,647</u>	<u>1,879,960</u>	<u>169,648</u>	<u>40,490</u>	<u>2,890,745</u>
Carrying amount					
At 31 December 2016	<u>4,533,911</u>	<u>1,403,488</u>	<u>71,814</u>	<u>-</u>	<u>6,009,213</u>
At 31 December 2015	<u>4,756,767</u>	<u>1,741,518</u>	<u>83,106</u>	<u>13,893</u>	<u>6,595,284</u>

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

12 Investments in subsidiaries, joint ventures and associates

	2016 £	2015 £
Shares in group undertakings and participating interests	<u>379,032</u>	<u>379,032</u>
		Subsidiary undertakings £
Shares in group undertakings and participating interests		
Cost		
At 1 January 2016		379,032
Additions		-
Disposals		-
At 31 December 2016		<u>379,032</u>
Net book value		
At 31 December 2016		<u>379,032</u>
At 31 December 2015		<u>379,032</u>

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Subsidiary undertakings			
ABS Alloys and Metals SA (Pty) Limited	Ordinary	100%	Alloy Merchants. Registered in South Africa
RS Metals GmbH	Ordinary	100%	Non trading. Registered in Germany.
Marsmetal SAS	Ordinary	100%	Speciality alloys. Registered in France
ELG Utica Alloys Singapore PTE. Ltd	Ordinary	100%	Speciality alloys. Registered in Singapore.

The profit for the financial period of ABS Alloys and Metals SA (Pty) Limited was £173,625 and the aggregate amount of capital and reserves at the end of the period was £1,470,917.

The profit for the financial period of RS Metals GmbH was £2,825 and the aggregate amount of capital and reserves at the end of the period was £31,243.

The profit for the financial period of Marsmetal SAS was £6,865 and the aggregate amount of capital and reserves at the end of the period was £1,548,977.

The loss for the financial period of ELG Utica Alloys Singapore PTE. Ltd was £243,160 and the aggregate amount of capital and reserves at the end of the period was -£202,269.

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

13 Stocks

	2016 £	2015 £
Stocks	<u>15,258,485</u>	<u>12,838,253</u>

14 Debtors

	Note	2016 £	2015 £
Trade debtors		5,191,673	3,542,987
Amounts owed from group undertakings	21	5,312,295	5,857,900
Derivative financial instruments	22	41,186	132,846
Other debtors		575,648	378,324
Deferred tax	9	-	239,216
Prepayments and accrued income		<u>573,656</u>	<u>505,751</u>
		<u>11,694,458</u>	<u>10,657,024</u>

Deferred tax

The movement in the deferred tax asset in the year is as follows:

	£
At 1 January 2016	239,216
Deferred tax asset released in the year	<u>(239,216)</u>
At 31 December 2016	<u>-</u>

15 Creditors

	Note	2016 £	2015 £
Due within one year			
Loans and borrowings		795,627	1,969,078
Trade creditors		2,456,658	1,907,691
Amounts owed to group undertakings		11,690,040	9,621,396
Social security and other taxes		80,087	69,617
Other payables		68,744	67,334
Accrued expenses		2,585,485	1,594,367
Derivative financial instruments	22	<u>154,719</u>	<u>104,964</u>
		<u>17,831,360</u>	<u>15,334,447</u>

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

16 Share capital

Allotted, called up and fully paid shares

	No.	2016 £	No.	2015 £
Ordinary A shares of £1 each	10,000	10,000	10,000	10,000
Ordinary B shares of £1 each	10,000	10,000	10,000	10,000
Ordinary C shares of £1 each	2,668	2,668	2,668	2,668
Ordinary D shares of £1 each	2,518	2,518	2,518	2,518
	<u>25,186</u>	<u>25,186</u>	<u>25,186</u>	<u>25,186</u>

There are no restrictions on the distribution of dividends and the repayment of capital. Ordinary C and Ordinary D shareholders are not entitled to vote at General meetings.

17 Cash and cash equivalents

	2016 £	2015 £
Cash on hand	4,193	5,280
Cash at bank	<u>(784,313)</u>	<u>(1,427,766)</u>
	<u>(780,120)</u>	<u>(1,422,486)</u>

18 Deferred tax and other provisions

	Deferred tax £
At 1 January 2016	(239,216)
Provisions used	<u>245,698</u>
At 31 December 2016	<u>6,482</u>

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £56,324 (2015 - £73,346).

Contributions totalling £1,146 (2015 - £1,554) were payable to the scheme at the end of the year and are included in creditors.

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

20 Commitments

Operating lease commitments

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	133,658	121,328
Later than one year and not later than five years	178,898	279,124
Later than five years	5,468	-
	<u>318,024</u>	<u>400,452</u>

21 Related party transactions

The company has taken advantage of the exemption in FRS102 from disclosing transactions with other members of the group.

22 Financial instruments

Categorisation of financial instruments

	Assets £	2016 Liabilities £	Assets £	2015 Liabilities £
Forward foreign exchange contracts	41,186	(154,719)	132,846	(104,964)
	<u>41,186</u>	<u>(154,719)</u>	<u>132,846</u>	<u>(104,964)</u>

Currency derivatives

The company utilises currency derivatives to hedge significant future transactions and cash flows. The company is a party to foreign currency forward contracts in the management of its exchange rate exposures.

23 Control

The company is controlled by ELG Utica Alloys International GmbH. The ultimate controlling party is Franz Haniel & Cie. GmbH. Both are companies incorporated in Germany. Copies of the parent's consolidated financial statements may be obtained from Kremerskamp 16, D-47138 Duisberg, Germany.