

Registration number: 01476788

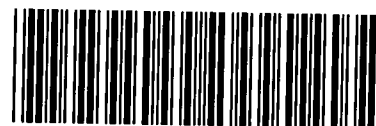
# ELG Utica Alloys Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018



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# **ELG Utica Alloys Limited**

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# **ELG Utica Alloys Limited**

## **Company Information**

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

## ELG Utica Alloys Limited

### Strategic Report for the Year Ended 31 December 2018

The director presents his strategic report for the year ended 31 December 2018.

#### Fair review of the business

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

	2018		2017	
	£	%	£	%
Processing division	2,277,763	3.72	1,624,148	3.12
Speciality Alloys	58,897,318	96.28	50,467,458	96.88
	<u>61,175,081</u>	<u>100.00</u>	<u>52,091,606</u>	<u>100.00</u>

The trading environment during 2018 remained buoyant following steady recovery through 2017, however, demand in certain sectors of the super alloy and allied industries softened during quarter 4 due to reduced demand from certain industrial sectors.

The company continued to expand its activities within the Revert Management sector of the industry securing additional OEM contracts within the Aerospace and Land Based Power Generation sectors of the industry. The company was also awarded approved supplier status with key aerospace manufacturing companies, further strengthening the company's position within the super alloy scrap / revert management industry.

The company has traded profitably for the year to 31st December 2018, generating a turnover of £61.2m and a pre-tax profit of £5.1m, compared to turnover of £52.1m and a pre-tax profit of £2.3m for 2017.

The increase in metals prices together with both diversification in business activities and a general increase in demand have assisted with the improved financial performance of 2018.

#### Key performance indicators

The company's key financial performance indicators during the year were as follows:

	2018	2017	2016
	%	%	%
Growth in turnover	17.44	34.65	0.07
Gross profit margin	13.03	10.05	8.09

#### Future developments

The company continues to focus on the specialist industries that it serves and aims to further expand its presence within the vacuum alloy, super alloy, prime metal and allied industries. The company will continue to focus its efforts on the high value low volume market sectors.

## ELG Utica Alloys Limited

### Strategic Report for the Year Ended 31 December 2018 (continued)


#### 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 .....9<sup>th</sup> April 2019..... and signed on its behalf by:

  
.....  
Mr A Jones  
Director

## **ELG Utica Alloys Limited**

### **Director's Report for the Year Ended 31 December 2018**

The director presents his report and the audited financial statements for the year ended 31 December 2018.

#### **Directors of the company**

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

Mr R A Hannam (resigned 28 February 2018)

Mr A Jones

#### **Principal activity**

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

#### **Director's liabilities**

The company has made qualifying third party indemnity provisions for the benefits of its directors which were made during the year and remain in force at the date of this report.

#### **Strategic report**

The company has chosen, in accordance with Companies Act 2006, section 414C(11), to set out in the company's strategic report information required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2006, Sch. 7 to be contained in the directors' report. It has been done so in respect of future developments, research and development and financial instruments.

#### **Disclosure of information to the auditors**


The director of the company who held office at the date of the approval of this Annual Report as set out above, confirms that:

- so far as he 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
- he has taken all the steps that they ought to have taken as director] in order to make himself 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 9<sup>th</sup> April 2019 and signed on its behalf by:

  
.....  
Mr A Jones  
Director

## **ELG Utica Alloys Limited**

### **Statement of Director's Responsibilities**

The director acknowledges his responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 have 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **ELG Utica Alloys Limited**

### **Independent Auditor's Report to the Members of ELG Utica Alloys Limited**

#### **Opinion**

We have audited the financial statements of ELG Utica Alloys Limited (the 'company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



## **ELG Utica Alloys Limited**

### **Independent Auditor's Report to the Members of ELG Utica Alloys Limited (continued)**

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Director's Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our 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 Director's Report.

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

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

#### **Responsibilities of the director**

As explained more fully in the Statement of Director's Responsibilities set out on page 5, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

## **ELG Utica Alloys Limited**

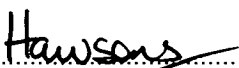
### **Independent Auditor's Report to the Members of ELG Utica Alloys Limited (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Use of our report**

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

  
.....

Craig Burton (Senior Statutory Auditor)

For and on behalf of Hawsons Chartered Accountants, Statutory Auditor

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

Date: 11 April 2019

# ELG Utica Alloys Limited

## Statement of Comprehensive Income for the Year Ended 31 December 2018

	Note	2018 £	2017 £
Turnover	2	61,175,081	52,091,606
Cost of sales		<u>(53,206,206)</u>	<u>(46,854,594)</u>
Gross profit		7,968,875	5,237,012
Distribution costs		(384,602)	(302,739)
Administrative expenses		(2,523,082)	(2,624,210)
Other operating income		<u>184,438</u>	<u>114,698</u>
Operating profit		5,245,629	2,424,761
Other interest receivable and similar income	7	132,526	25,640
Interest payable and similar charges	8	<u>(232,887)</u>	<u>(192,616)</u>
Profit before tax		5,145,268	2,257,785
Taxation	9	<u>(945,878)</u>	<u>(469,672)</u>
Profit for the financial year		<u>4,199,390</u>	<u>1,788,113</u>
<b>Total comprehensive income for the year</b>		<u><u>4,199,390</u></u>	<u><u>1,788,113</u></u>

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

The above results were derived from continuing operations.

# ELG Utica Alloys Limited

(Registration number: 01476788)

## Balance Sheet as at 31 December 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	10	-	-
Tangible assets	11	5,121,552	5,564,703
Investments	12	363,489	379,032
		<u>5,485,041</u>	<u>5,943,735</u>
<b>Current assets</b>			
Stocks	13	21,547,527	17,098,203
Debtors	14	16,401,363	12,872,963
Cash at bank and in hand		143,964	478,239
		<u>38,092,854</u>	<u>30,449,405</u>
<b>Creditors: Amounts falling due within one year</b>	15	<u>(22,061,571)</u>	<u>(19,074,884)</u>
<b>Net current assets</b>		<u>16,031,283</u>	<u>11,374,521</u>
<b>Total assets less current liabilities</b>		21,516,324	17,318,256
<b>Provisions for liabilities</b>	18	<u>(9,968)</u>	<u>(11,290)</u>
<b>Net assets</b>		<u>21,506,356</u>	<u>17,306,966</u>
<b>Capital and reserves</b>			
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>21,416,369</u>	<u>17,216,979</u>
<b>Total equity</b>		<u>21,506,356</u>	<u>17,306,966</u>

Approved and authorised for issue by the director on 9<sup>th</sup> April 2019



Mr A Jones

Director

**ELG Utica Alloys Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2018**

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2018	25,186	47,468	17,333	17,216,979	17,306,966
Profit for the year	-	-	-	4,199,390	4,199,390
Total comprehensive income	-	-	-	4,199,390	4,199,390
At 31 December 2018	<u>25,186</u>	<u>47,468</u>	<u>17,333</u>	<u>21,416,369</u>	<u>21,506,356</u>

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2017	25,186	47,468	17,333	15,428,866	15,518,853
Profit for the year	-	-	-	1,788,113	1,788,113
Total comprehensive income	-	-	-	1,788,113	1,788,113
At 31 December 2017	<u>25,186</u>	<u>47,468</u>	<u>17,333</u>	<u>17,216,979</u>	<u>17,306,966</u>

The notes on pages 13 to 27 form an integral part of these financial statements.  
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# ELG Utica Alloys Limited

## Statement of Cash Flows for the Year Ended 31 December 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Profit for the year		4,199,390	1,788,113
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	3	559,910	587,787
Profit on disposal of tangible assets		(2,962)	(2,209)
Profit from disposals of investments		(17,045)	-
Finance income		(132,526)	(25,640)
Finance costs		232,887	192,616
Income tax expense		945,878	469,672
		<u>5,785,532</u>	<u>3,010,339</u>
Working capital adjustments			
Increase in stocks		(4,449,324)	(1,839,718)
Increase in trade debtors		(3,528,400)	(1,178,505)
Increase in trade creditors		674,706	1,265,845
		<u>(1,517,486)</u>	<u>1,257,961</u>
Cash generated from operations		(1,517,486)	1,257,961
Income taxes paid		<u>(947,200)</u>	<u>(464,864)</u>
Net cash flow from operating activities		<u>(2,464,686)</u>	<u>793,097</u>
<b>Cash flows from investing activities</b>			
Interest received		132,526	25,640
Proceeds from sale of subsidiaries		32,588	-
Acquisitions of tangible assets		(118,797)	(145,338)
Proceeds from sale of tangible assets		5,000	4,270
		<u>51,317</u>	<u>(115,428)</u>
Net cash flows from investing activities		51,317	(115,428)
<b>Cash flows from financing activities</b>			
Interest paid		<u>(232,887)</u>	<u>(192,616)</u>
Net (decrease)/increase in cash and cash equivalents		(2,646,256)	485,053
Cash and cash equivalents at 1 January	17	<u>(295,067)</u>	<u>(780,120)</u>
Cash and cash equivalents at 31 December	17	<u><u>(2,941,323)</u></u>	<u><u>(295,067)</u></u>

The notes on pages 13 to 27 form an integral part of these financial statements.

# ELG Utica Alloys Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018

### 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, 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'. There has been no material departure from this standard.

#### Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The presentation currency is United Kingdom pounds sterling.

#### 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. Revenue is recognised when the rights and rewards of ownership have transferred to the customer. 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.

## **ELG Utica Alloys Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **1 Accounting policies (continued)**

##### **Stocks**

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

##### **Going concern**

After due consideration of all relevant factors, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

##### **Key sources of estimation uncertainty**

Key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic live and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the tangible assets.

##### **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.



## **ELG Utica Alloys Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **1 Accounting policies (continued)**

##### **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.

##### **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 2018 (continued)

### 2 Revenue

An analysis of turnover by geographical location is given below:

	2018 £	2017 £
Sales - UK	13,718,884	12,066,086
Sales - Europe	22,532,447	22,651,940
Sales - USA	16,968,856	8,145,240
Sales - Rest of world	7,954,894	9,228,340
	<u>61,175,081</u>	<u>52,091,606</u>

During the year 77.57% (2017 - 76.84%) of the company's turnover related to exports.

### 3 Operating profit/(loss)

Arrived at after charging/(crediting)

	2018 £	2017 £
Foreign currency (gains)/losses	(311,060)	714,136
Profit on disposal of tangible fixed assets	(2,962)	(2,209)
Depreciation of owned assets	559,910	587,787
Profit on disposal of a subsidiary	(17,045)	-
Auditor's remuneration	<u>64,520</u>	<u>47,940</u>

### 4 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	36,395	32,000
<b>Other fees to auditors</b>		
Other services	<u>28,125</u>	<u>15,940</u>
	<u>64,520</u>	<u>47,940</u>

# ELG Utica Alloys Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 5 Particulars of employees

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

	2018 No.	2017 No.
Production	60	59
Administration and support	8	8
	<u>68</u>	<u>67</u>

The aggregate payroll costs were as follows:

	2018 £	2017 £
Wages and salaries	2,833,475	2,457,432
Social security costs	296,922	249,546
Pension costs, defined contribution scheme	40,251	56,074
	<u>3,170,648</u>	<u>2,763,052</u>

### 6 Director's remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration (including benefits in kind)	194,764	166,260
Contributions paid to money purchase schemes	8,479	10,250
	<u>203,243</u>	<u>176,510</u>

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

	2018 No.	2017 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2018 £	2017 £
Remuneration (including benefits in kind)	177,072	147,945
Company contributions to money purchase pension schemes	8,479	10,250
	<u>185,551</u>	<u>158,195</u>

## ELG Utica Alloys Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 7 Other interest receivable and similar income

	2018 £	2017 £
Other interest receivable	112,408	-
Interest receivable from group companies	20,118	25,640
	<u>132,526</u>	<u>25,640</u>

#### 8 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank borrowings	60,377	51,413
Interest on loans from group undertakings	172,510	141,203
	<u>232,887</u>	<u>192,616</u>

# ELG Utica Alloys Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 9 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
<b>Current taxation</b>		
Corporation tax charge	947,200	464,864
<b>Deferred taxation</b>		
Origination and reversal of timing differences	(1,322)	4,808
Total tax on profit on ordinary activities	<u>945,878</u>	<u>469,672</u>

### Factors affecting current tax charge for the year

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

	2018 £	2017 £
Profit before tax	<u>5,145,268</u>	<u>2,257,785</u>
Corporation tax at standard rate	977,601	434,624
Capital allowances for the period in excess of depreciation	-	(393)
Expenses not deductible for tax	23,079	37,273
Corporation tax losses utilised in year	(75,901)	(1,832)
Increase (decrease) from tax losses for which no deferred tax asset was recognised	<u>21,099</u>	<u>-</u>
Total tax charge	<u>945,878</u>	<u>469,672</u>

### Deferred tax

Deferred tax assets and liabilities

2018	Asset £	Liability £
Unutilised losses	28,653	-
Accelerated capital allowances	-	38,621
	<u>28,653</u>	<u>38,621</u>

## ELG Utica Alloys Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 9 Taxation (continued)

	Asset £	Liability £
2017		
Unutilised losses	49,692	-
Accelerated capital allowances	-	60,982
	<u>49,692</u>	<u>60,982</u>

# ELG Utica Alloys Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 10 Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 January 2017 and 31 December 2018	361,001
<b>Amortisation</b>	
At 1 January 2017 and 31 December 2018	<u>361,001</u>
<b>Net book value</b>	
At 31 December 2017 and 31 December 2018	<u><u>-</u></u>

### 11 Tangible assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 2018	5,334,558	3,402,773	241,462	40,490	9,019,283
Additions	-	107,071	11,726	-	118,797
Disposals	-	(41,013)	-	-	(41,013)
Transfers	-	(1,133)	1,133	-	-
At 31 December 2018	<u>5,334,558</u>	<u>3,467,698</u>	<u>254,321</u>	<u>40,490</u>	<u>9,097,067</u>
<b>Depreciation</b>					
At 1 January 2018	1,007,004	2,212,289	194,797	40,490	3,454,580
Charge for the year	205,952	329,500	24,458	-	559,910
Eliminated on disposal	-	(38,975)	-	-	(38,975)
Transfers	-	(106)	106	-	-
At 31 December 2018	<u>1,212,956</u>	<u>2,502,708</u>	<u>219,361</u>	<u>40,490</u>	<u>3,975,515</u>
<b>Carrying amount</b>					
At 31 December 2018	<u>4,121,602</u>	<u>964,990</u>	<u>34,960</u>	<u>-</u>	<u>5,121,552</u>
At 31 December 2017	<u>4,327,554</u>	<u>1,190,484</u>	<u>46,665</u>	<u>-</u>	<u>5,564,703</u>

# ELG Utica Alloys Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 12 Investments in subsidiaries, joint ventures and associates

	2018 £	2017 £
Shares in group undertakings and participating interests	<u>363,489</u>	<u>379,032</u>
		<b>Subsidiary undertakings £</b>
<b>Shares in group undertakings and participating interests</b>		
<b>Cost</b>		
At 1 January 2018		379,032
Disposals		<u>(15,543)</u>
At 31 December 2018		<u>363,489</u>
<b>Net book value</b>		
At 31 December 2018		<u>363,489</u>
At 31 December 2017		<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	Country of incorporation	Holding	Proportion of voting rights and shares held 2018	Proportion of voting rights and shares held 2017
<b>Subsidiary undertakings</b>				
ABS Alloys and Metals SA (Pty) Limited	South Africa	Ordinary	100%	100%
RS Metals GmbH	Germany	Ordinary	0%	100%
Marsmetal SAS	France	Ordinary	100%	100%
ELG Utica Alloys Singapore PTE. Ltd	Singapore	Ordinary	100%	100%



## **ELG Utica Alloys Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **12 Investments in subsidiaries, joint ventures and associates (continued)**

The principle activity of ABS Alloys and Metals SA (Pty) Limited is alloy merchants. The profit for the financial period was £307,220 and the aggregate amount of capital and reserves at the end of the period was £1,842,001.

The principle activity of Marsmetal SAS is speciality alloys merchant. The profit for the financial period was £60,711 and the aggregate amount of capital and reserves at the end of the period was £1,779,353.

The principle activity of ELG Utica Alloys Singapore PTE is speciality alloys merchant. The loss for the financial period was £87,985 and the aggregate amount of capital and reserves at the end of the period was -£972,925.

#### **Disposal of subsidiary**

On 16/03/2018 the company disposed of its interest in RS Metals GmbH. The gain on disposal was £17,045.

# ELG Utica Alloys Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 13 Stocks

	2018 £	2017 £
Stocks	<u>21,547,527</u>	<u>17,098,203</u>

### 14 Debtors

	Note	2018 £	2017 £
Trade debtors		7,577,058	8,065,132
Amounts owed from group undertakings		5,988,174	3,964,350
Derivative financial instruments	22	44,036	110,731
Other debtors		505,392	266,080
Prepayments and accrued income		<u>2,286,703</u>	<u>466,670</u>
		<u>16,401,363</u>	<u>12,872,963</u>

### 15 Creditors

	Note	2018 £	2017 £
<b>Due within one year</b>			
Loans and borrowings		3,085,287	773,306
Trade creditors		3,594,162	3,303,722
Amounts owed to group undertakings		12,980,283	10,671,124
Social security and other taxes		188,269	133,217
Other payables		32,551	254,387
Accrued expenses		2,121,947	3,810,720
Derivative financial instruments	22	<u>59,072</u>	<u>128,408</u>
		<u>22,061,571</u>	<u>19,074,884</u>

# ELG Utica Alloys Limited

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 16 Share capital

#### Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
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

	2018	2017
	£	£
Cash on hand	6,277	6,268
Cash at bank	<u>(2,947,600)</u>	<u>(301,335)</u>
	<u>(2,941,323)</u>	<u>(295,067)</u>

### 18 Deferred tax and other provisions

	Deferred tax
	£
At 1 January 2018	11,290
Additional provisions	<u>(1,332)</u>
At 31 December 2018	<u>9,958</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 £40,251 (2017 - £56,074).

Contributions totalling £1,203 (2017 - £883) 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 2018 (continued)

### 20 Commitments

#### Operating lease commitments

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	117,849	122,378
Later than one year and not later than five years	103,413	200,339
	<u>221,262</u>	<u>322,717</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £154,438 (2017 - £194,481).

### 21 Related party transactions

#### Transactions with other members of the group

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 £	2018 Liabilities £	Assets £	2017 Liabilities £
Forward foreign exchange contracts	<u>44,036</u>	<u>(59,072)</u>	<u>110,731</u>	<u>(128,408)</u>
	<u>44,036</u>	<u>(59,072)</u>	<u>110,731</u>	<u>(128,408)</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.

## **ELG Utica Alloys Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **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.

#### **24 Financial risk management**

The company has exposures to two main areas of risk - foreign exchange currency exposure and customer credit exposure.

##### **Foreign exchange transactional currency exposure**

The company is exposed to currency exchange rate risk due to a significant proportion of its receivables and operating expenses being denominated in non-Sterling currencies. The net exposure of each currency is monitored and managed by the use of forward foreign exchange contracts.

##### **Customer credit exposure**

The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer relationships and by credit insurance.