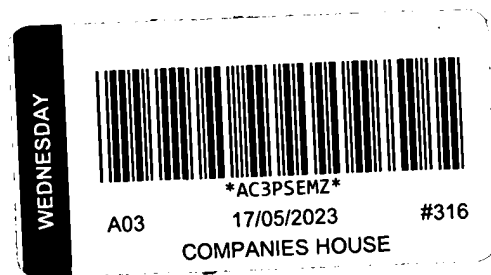


Registration number: 01476788

ELG Utica Alloys Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2022



ELG Utica Alloys Limited

Contents

Company Information	1
Strategic Report	2 to 3
Director's Report	4 to 5
Statement of Director's Responsibilities	6
Independent Auditor's Report	7 to 10
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Statement of Cash Flows	14 to 15
Notes to the Financial Statements	16 to 29

ELG Utica Alloys Limited

Company Information

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

ELG Utica Alloys Limited

Strategic Report for the Year Ended 31 December 2022

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

Fair review of the business

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

	2022		2021	
	£	%	£	%
Processing Division	1,471,784	1.88	738,590	1.53
Speciality Alloys	74,801,428	95.34	45,845,840	95.17
Broker Sales	2,180,887	2.78	1,586,045	3.29
	<u>78,454,099</u>	<u>100.00</u>	<u>48,170,475</u>	<u>100.00</u>

The 62.87% rise in 2022 in sales value was primarily rising market prices. The best example of this is the price of Nickel in 2022, starting the year at \$20,900/mt, it peaked at \$43,000 and closed at \$30,400 by the end of the year. The aerospace industry continued recovery during 2022, with the recovery of passenger airline.

Given ELG's diverse customer base, paired with a diverse product range, the company was able to navigate what has been turbulent year in terms of supply and demand. Careful inventory management meant the company could keep up with customer demands, mitigating potential down turns, as material in the market became scarce. As a result, the company continued to trade profitably for the year to 31st December 2022 generating a pre-tax profit of £5m compared to a pre-tax profit of £2.4m for 2021.

Key performance indicators

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

	2022	2021	2020
	%	%	%
Growth/(Reduction) in turnover	62.87	24.86	(42.38)
Gross profit margin	10.27	9.48	9.18

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 2022 (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; and
- 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.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

As the Board at ELG Utica Alloys Ltd, we have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the company and its stakeholders. This statement addresses the ways in which the Board outwork this responsibility.

Our Stakeholders

The director considers that the following groups are the Company's key stakeholders. The Board seeks to understand the respective interests of such stakeholder groups so that these may be properly considered in the Board's decisions.

Our Employees

The ideas, abilities and commitment of employees are crucial to the company's success. All employees receive regular training to enable them to do their job in a safe and proper manner. The company also invests in the personal development of its employees by targeted continuing development. Employee's strengths and potential for development are identified and development measures are agreed. As a responsible employer the company also takes steps to safeguard the health and productivity of their employees. The company operates a system of preventative health checks as well as training on various healthcare and safety issues.


Our Customers and Suppliers

The company fosters strong mutually beneficial relationships with its suppliers and customers through designated account managers for both customers and suppliers. The Board receives information updates on a variety of topics that indicate and inform how these stakeholders have been engaged.

Our Planet

The company has been active in the recycling of metals for over 40 years and sustainability is naturally anchored in the company's business model and corporate philosophy. Measures carried out recently include the change to energy saving lighting and more efficient use of machinery. Recent steps have been taken install electric vehicle charging points, free of charge to employees, to encourage the take up of electric vehicles within the workforce.

Approved by the Board on 28-04-2023 and signed on its behalf by:


.....
Mr. A. Jones
Director

ELG Utica Alloys Limited

Director's Report for the Year Ended 31 December 2022

The directors present their report and the audited financial statements for the year ended 31 December 2022.

Directors of the company

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

Mr A Jones

Mr C Wilkes

The following director was appointed after the year end:

C G S Becker (appointed 10 January 2023)

Principal activity

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

Streamlined Energy and Carbon Reporting

Under changes introduced by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, large unquoted companies are now obliged to report their UK energy use and associated greenhouse gas ('GHG') emissions in their annual reports.

Below is a summary of the carbon produced by the energy consumed during the year. The carbon is measured against sales tonnage to provide the required intensity ratio.

UK Greenhouse gas emissions and energy use data for the year

	2022	2021
Energy consumption used to calculate emissions (kWh)	<u>3,618,127</u>	<u>2,411,181</u>
Scope 1 emissions in metric tonnes (CO2e)		
Gas consumption	479	323
Owned Transport	6	7
Plant & Machinery	67	51
Scope 2 emissions in metric tonnes (CO2e)		
Purchased electricity	146	137
Scope 3 emissions in metric tonnes (CO2e)		
Business travel in employee-owned vehicles	3	2
Total gross emissions in metric tonnes (CO2e)	<u>701</u>	<u>521</u>

Intensity Ratio 0.09 (2021 - 0.09)

Principal measures taken

The company continues to upgrade and replace old fixed assets for more modern equipment to reduce its emissions and energy usage.

References and methodology

The energy data used in this report relates to invoiced consumption against specific meter points for the specified period, and has been qualified by the suppliers of the invoices. Transport and supplementary fuel data were provided directly by the company, together with the selected intensity ratio metric and the supporting intensity ratio data.

ELG Utica Alloys Limited

Director's Report for the Year Ended 31 December 2022 (continued)

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.

Disclosure of information to the auditors


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

- so far as they is 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 he 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 28-04-2023 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 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 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 director is 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 2022, 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 or 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 director's 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 6, 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

ELG Utica Alloys Limited

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

The company is subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the company and the environment it operates within, we determined that the laws and regulations which were most significant included FRS 102 Section, Companies Act 2006 and Health and Safety regulations, employment laws and laws applicable to companies trading in scrap metals. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to improve the company's result for the period, and management bias in key accounting estimates such as revenue recognition and stock provisions.

Audit procedures performed by the engagement team included:

- Discussions with management and those responsible for legal compliance procedures within the company to obtain an understanding of the legal and regulatory framework applicable to the company and how the company complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to revenue recognition and stock provisions;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the more removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

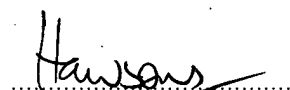
A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for. This description forms part of our auditor's report.

ELG Utica Alloys Limited

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

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: 15 May 2023

ELG Utica Alloys Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	2	78,454,099	48,170,475
Cost of sales		<u>(70,399,615)</u>	<u>(43,634,632)</u>
Gross profit		8,054,484	4,535,843
Distribution costs		(394,252)	(256,478)
Administrative expenses		(2,638,907)	(1,783,730)
Other operating income	3	<u>54,720</u>	<u>50,076</u>
Operating profit	4	5,076,045	2,545,711
Other interest receivable and similar income	8	56,947	21,533
Interest payable and similar charges	9	<u>(118,989)</u>	<u>(119,461)</u>
Profit before tax		5,014,003	2,447,783
Taxation	10	<u>(949,237)</u>	<u>(382,741)</u>
Profit for the financial year		<u>4,064,766</u>	<u>2,065,042</u>
Total comprehensive income for the year		<u><u>4,064,766</u></u>	<u><u>2,065,042</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 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	11	-	-
Tangible assets	12	3,823,662	3,877,596
Investments	13	97,113	97,113
		<u>3,920,775</u>	<u>3,974,709</u>
Current assets			
Stocks	14	21,853,829	17,362,251
Debtors	15	20,252,974	17,826,234
Cash at bank and in hand	16	306,050	4,351
		<u>42,412,853</u>	<u>35,192,836</u>
Creditors: Amounts falling due within one year	17	<u>(17,149,922)</u>	<u>(14,099,870)</u>
Net current assets		<u>25,262,931</u>	<u>21,092,966</u>
Total assets less current liabilities		29,183,706	25,067,675
Provisions for liabilities	19	<u>(51,265)</u>	-
Net assets		<u>29,132,441</u>	<u>25,067,675</u>
Capital and reserves			
Called up share capital	18	25,186	25,186
Share premium reserve		47,468	47,468
Capital redemption reserve		17,333	17,333
Profit and loss account		<u>29,042,454</u>	<u>24,977,688</u>
Total equity		<u>29,132,441</u>	<u>25,067,675</u>

Approved and authorised for issue by the Board on 29-04-2023 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 2022

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2022	25,186	47,468	17,333	24,977,688	25,067,675
Profit for the year	-	-	-	4,064,766	4,064,766
At 31 December 2022	<u>25,186</u>	<u>47,468</u>	<u>17,333</u>	<u>29,042,454</u>	<u>29,132,441</u>

	Share capital £	Share premium £	Capital redemption reserve £	Profit and loss account £	Total £
At 1 January 2021	25,186	47,468	17,333	22,912,646	23,002,633
Profit for the year	-	-	-	2,065,042	2,065,042
At 31 December 2021	<u>25,186</u>	<u>47,468</u>	<u>17,333</u>	<u>24,977,688</u>	<u>25,067,675</u>

ELG Utica Alloys Limited

Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit for the year		4,064,766	2,065,042
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	351,902	424,453
Hedging (gains)/losses		(1,580,820)	297,631
Profit on disposal of tangible assets		(8,825)	(392,361)
Finance income		(56,947)	(21,533)
Finance costs		118,989	119,461
Income tax expense		949,237	382,741
		<u>3,838,302</u>	<u>2,875,434</u>
Working capital adjustments			
(Increase)/decrease in stocks		(4,491,578)	1,704,168
Increase in debtors		(1,165,026)	(9,314,454)
Increase in creditors		3,582,887	4,303,338
		<u>1,764,585</u>	<u>(431,514)</u>
Cash generated from operations		1,764,585	(431,514)
Income taxes paid		(1,111,701)	-
Net cash flow from operating activities		<u>652,884</u>	<u>(431,514)</u>
Cash flows from investing activities			
Interest received		56,947	21,533
Acquisitions of tangible assets		(314,468)	(114,566)
Proceeds from sale of tangible assets		25,325	712,528
		<u>(232,196)</u>	<u>619,495</u>
Net cash flows from investing activities		(232,196)	619,495
Cash flows from financing activities			
Interest paid		(118,989)	(119,461)
Net increase in cash and cash equivalents		301,699	68,520
Cash and cash equivalents at 1 January	16	4,351	(64,169)
Cash and cash equivalents at 31 December	16	<u>306,050</u>	<u>4,351</u>

The notes on pages 16 to 29 form an integral part of these financial statements.

ELG Utica Alloys Limited

Statement of Cash Flows for the Year Ended 31 December 2022 (continued)

Analysis of changes in net debt

	At 1 January 2022	Cash flows	At 31 December 2022
	£	£	£
Cash and cash equivalents			
Cash at bank and in hand	4,351	301,699	306,050
Total net funds	<u>4,351</u>	<u>301,699</u>	<u>306,050</u>

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 Accounting policies

Statutory information

ELG Utica Alloys Limited is a private company, limited by shares, incorporated and 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 using EU-adopted IFRS accounting standards to produce group accounts (see note 24) the company is exempt under section 401 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. Turnover 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 2022 (continued)

1 Accounting policies (continued)

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

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, preparation of forecasts under different scenarios and the support of the parent company demonstrated in the past, the directors consider that the company will continue to operate within the financial facilities available, and that it is appropriate to prepare the financial statements on a going concern basis.

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 12 for the carrying amount of the tangible assets.

Government grants

Grants that relate to the financing of projects to expand the operations of the business are amortised over the expected useful economic lives of the assets or projects concerned. Grants relating to the revenue expenditure are credited to income where receivable.

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

1 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

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.

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 2022 (continued)

2 Revenue

An analysis of turnover by geographical location is given below:

	2022 £	2021 £
Sales - UK	16,875,824	8,567,025
Sales - Europe	41,863,213	28,379,966
Sales - USA	15,707,279	7,979,872
Sales - Rest of world	4,007,783	3,243,612
	<u>78,454,099</u>	<u>48,170,475</u>

During the year 78.49% (2021 - 82.22%) of the company's turnover related to exports.

3 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022 £	2021 £
Other operating income	-	900
Management charge	54,720	49,176
	<u>54,720</u>	<u>50,076</u>

4 Operating profit/(loss)

Arrived at after charging/(crediting):

	2022 £	2021 £
Hedging losses/(gains)	2,007,096	1,065,391
Profit on disposal of tangible fixed assets	(8,825)	(392,361)
Depreciation of owned assets	<u>351,902</u>	<u>424,453</u>

5 Auditors' remuneration

	2022 £	2021 £
Audit of the financial statements	39,400	38,600
Other fees to auditors		
Taxation compliance services	8,400	8,250
Other services	23,295	17,100
	<u>71,095</u>	<u>63,950</u>

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

6 Particulars of employees

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

	2022 No.	2021 No.
Production	44	40
Administration and support	9	8
	<u>53</u>	<u>48</u>

The aggregate payroll costs were as follows:

	2022 £	2021 £
Wages and salaries	2,968,466	2,055,918
Social security costs	246,706	206,597
Pension costs, defined contribution scheme	60,405	54,315
	<u>3,275,577</u>	<u>2,316,830</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £	2021 £
Remuneration (including benefits in kind)	408,463	160,983
Contributions paid to money purchase pension schemes	13,960	10,894
	<u>422,423</u>	<u>171,877</u>

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

	2022 No.	2021 No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2022 £	2021 £
Remuneration (including benefits in kind)	222,227	131,974
Company contributions to money purchase pension schemes	8,611	9,556
	<u>230,838</u>	<u>141,530</u>

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Other interest receivable and similar income

	2022 £	2021 £
Other interest receivable	20	124
Interest receivable from group companies	56,927	21,409
	<u>56,947</u>	<u>21,533</u>

9 Interest payable and similar expenses

	2022 £	2021 £
Interest on bank borrowings	1,417	26,976
Interest on loans from group undertakings	117,572	92,485
	<u>118,989</u>	<u>119,461</u>

10 Taxation

Tax charged/(credited) in the income statement:

	2022 £	2021 £
Current taxation		
Corporation tax charge	879,565	400,757
Adjustments in respect of previous years	9,541	-
	<u>889,106</u>	<u>400,757</u>
Deferred taxation		
Origination and reversal of timing differences	60,131	(18,016)
Total tax on profit on ordinary activities	<u>949,237</u>	<u>382,741</u>

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

10 Taxation (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 (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit before tax	5,014,003	2,447,783
Corporation tax at standard rate	952,661	465,079
Increase/(decrease) from effect of different UK tax rates on some earnings	4,278	(11,985)
Expenses not deductible in determining taxable profit	35	1,929
Deferred tax expense relating to changes in tax rates or laws	-	12,825
Adjustment for prior periods	9,541	-
Depreciation in excess of capital allowances	19,361	29,592
Tax decrease from other short-term timing differences	(36,639)	(33,968)
Tax decrease from effect of indexation allowance on capital gains	-	(80,731)
Total tax charge	949,237	382,741

Deferred tax

Deferred tax assets and liabilities (see note 19)

	Asset/ (liability) £
2022	
Unutilised losses	13,724
Accelerated capital allowances	(64,989)
	(51,265)
2021	
Unutilised losses	31,304
Accelerated capital allowances	(22,438)
	8,866

UK corporation tax is currently charged at a rate of 19%. The 2021 Finance Bill included an announcement that corporation tax rates will rise to 25% from 1 April 2023. Consequently, the current rate has been applied in the measurements of the tax assets and liabilities as at 31 December 2022 and deferred tax has been provided at 25%, being the rate at which timing differences are expected to reverse.

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Intangible assets

	Goodwill £
Cost or valuation	
At 1 January 2022 and 31 December 2022	<u>361,001</u>
Amortisation	
At 1 January 2022 and 31 December 2022	<u>361,001</u>
Carrying amount	
At 31 December 2021 and 31 December 2022	<u><u>-</u></u>

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

12 Tangible assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2022	4,851,527	3,180,586	289,339	40,490	8,361,942
Additions	4,220	281,665	28,583	-	314,468
Disposals	-	(108,221)	-	(8,750)	(116,971)
At 31 December 2022	<u>4,855,747</u>	<u>3,354,030</u>	<u>317,922</u>	<u>31,740</u>	<u>8,559,439</u>
Depreciation					
At 1 January 2022	1,510,446	2,670,941	262,469	40,490	4,484,346
Charge for the year	183,399	160,141	8,362	-	351,902
Eliminated on disposal	-	(91,721)	-	(8,750)	(100,471)
At 31 December 2022	<u>1,693,845</u>	<u>2,739,361</u>	<u>270,831</u>	<u>31,740</u>	<u>4,735,777</u>
Carrying amount					
At 31 December 2022	<u>3,161,902</u>	<u>614,669</u>	<u>47,091</u>	<u>-</u>	<u>3,823,662</u>
At 31 December 2021	<u>3,341,081</u>	<u>509,645</u>	<u>26,870</u>	<u>-</u>	<u>3,877,596</u>

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Investments in subsidiaries, joint ventures and associates

	2022 £	2021 £
Shares in group undertakings and participating interests	<u>97,113</u>	<u>97,113</u>
		Subsidiary undertakings £
Shares in group undertakings and participating interests		
Cost		
At 1 January 2022 and 31 December 2022		<u>363,489</u>
Provision		
At 1 January 2022 and 31 December 2022		<u>266,376</u>
Net book value		
At 31 December 2021 and 31 December 2022		<u><u>97,113</u></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 2022	Proportion of voting rights and shares held 2021
Subsidiary undertakings				
ABS Alloys and Metals SA (Pty) Limited	South Africa	Ordinary	100%	100%
Marsmetal SAS	France	Ordinary	100%	100%
ELG Utica Alloys Singapore PTE. Ltd	Singapore	Ordinary	100%	100%

The principal activity of ABS Alloys and Metals SA (Pty) Limited is alloy merchants. The registered office is at 4 Industrie Road, PO Box 1228, Isando, 1600 Johannesburg, Gauteng, South Africa. The profit for the financial period was £480,724 and the aggregate amount of capital and reserves at the end of the period was £2,645,010.

The principal activity of Marsmetal SAS is speciality alloys merchant. The registered office is at 7 Rue Antoine Balard, BP 40670, Cergy Pontoise Cedex, FR-95310, France. The loss for the financial period was £17,553 and the aggregate amount of capital and reserves at the end of the period was £1,857,041.

The principal activity of ELG Utica Alloys Singapore PTE is speciality alloys merchant. The registered office is at 22 Pioneer Crescent, 04-07 West Park BizCentral, Singapore, 628556. The profit for the financial period was £889,065 and the aggregate amount of capital and reserves at the end of the period was £248,025.

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Stocks

	2022 £	2021 £
Stocks	<u>21,853,829</u>	<u>17,362,251</u>

15 Debtors

	Note	2022 £	2021 £
Trade debtors		10,843,963	5,797,315
Amounts owed from group undertakings		6,946,174	10,475,870
Derivative financial instruments	23	1,336,661	66,081
Other debtors		852,228	864,312
Deferred tax	10	-	8,866
Prepayments and accrued income		<u>273,948</u>	<u>613,790</u>
		<u>20,252,974</u>	<u>17,826,234</u>

16 Cash and cash equivalents

	2022 £	2021 £
Cash on hand	3,165	3,323
Cash at bank	<u>302,885</u>	<u>1,028</u>
	<u>306,050</u>	<u>4,351</u>

17 Creditors

	Note	2022 £	2021 £
Due within one year			
Trade creditors		3,275,710	1,431,905
Amounts owed to group undertakings		8,086,578	9,867,080
Social security and other taxes		459,471	169,752
Other payables		341,333	287,817
Accrued expenses		4,796,541	1,620,192
Corporation tax liability		178,162	400,757
Derivative financial instruments	23	<u>12,127</u>	<u>322,367</u>
		<u>17,149,922</u>	<u>14,099,870</u>

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

18 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	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.

19 Deferred tax and other provisions

	Deferred tax £
At 1 January 2022	8,866
Additional provisions	<u>(60,131)</u>
At 31 December 2022	<u>(51,265)</u>

See note 10 for details of the deferred tax liability.

20 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 £60,405 (2021 - £54,315).

Contributions totalling £1,114 (2021 - £834) 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 2022 (continued)

21 Commitments

Operating lease commitments

The total of future minimum lease payments is as follows:

	2022 £	2021 £
Not later than one year	23,588	48,303
Later than one year and not later than five years	17,778	20,617
	<u>41,366</u>	<u>68,920</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £133,888 (2021 - £133,510).

22 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.

23 Financial instruments

Categorisation of financial instruments

The following financial instruments are classified as 'other financial instruments' and are carried at fair value. All other financial assets and liabilities are classified as basic financial instruments and are carried at amortised cost.

	2022 Assets £	2022 Liabilities £	2021 Assets £	2021 Liabilities £
Forward foreign exchange contracts	1,200,200	(12,127)	56,887	(138,159)
Forward nickel contracts	136,461	-	9,194	(184,208)
	<u>1,336,661</u>	<u>(12,127)</u>	<u>66,081</u>	<u>(322,367)</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.

Commodity derivatives

The company utilises commodity derivatives to hedge significant future transactions and cash flows. The company from time to time is party to forward nickel contracts in the management of its exposure to fluctuations in global nickel prices.

ELG Utica Alloys Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

24 Control

The immediate parent is ELG Utica Alloys International GmbH, a company incorporated in Germany.

ELG Utica Alloys International GmbH is a 100% subsidiary of ELG GmbH (formally ELG Haniel GmbH), a company incorporated in Germany.

The ultimate parent company is Aperam S.A., a company incorporated in Luxembourg. Copies of the ultimate parent company's consolidated financial statements may be obtained from 24-26 Boulevard d'Avranches, 1160, Luxembourg.

25 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.