

Company registration number 01495478 (England and Wales)

RAZNOIMPORT (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

RAZNOIMPORT (UK) LIMITED

COMPANY INFORMATION

Director	M Zheleznikov
Secretary	O Gorbatsevich
Company number	01495478
Registered office	3rd Floor 114a Cromwell Road London SW7 4AG
Auditor	Bright Grahame Murray Emperor's Gate 114a Cromwell Road Kensington London SW7 4AG

RAZNOIMPORT (UK) LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Director's report	6
Director's responsibilities statement	5
Independent auditor's report	7 - 9
Statement of comprehensive income	10
Balance sheet	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 31

RAZNOIMPORT (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents the strategic report for the year ended 31 December 2021.

Fair review of the business

The company's principal activity during the year was trading in non-ferrous metals and commodities.

2021 was a pleasing year for the company following the difficulties experienced during the global pandemic that had severely impacted many local economies around the globe and reduced demand for commodities including Nickel. Economies in the East had already begun to emerge from the worst of the pandemic in the last quarter of 2020 and the company was encouraged to record extra demand in its sales book from its European customer base in 2021. In parallel the LME Nickel commodity price strengthened from an opening 2021 level of \$16,540 to \$18,450 at the half year point and then a significant strengthening to a level of \$20,925 at year-end 2021. This followed increased demand for Nickel from European consumers and this demand was additionally strengthened by demand emerging from the Electric Vehicle industry and increased consumer consumption and confidence as the worldwide economy grew. The company was able to negotiate significant contracts to sell its products in the East and in Europe and was able to additionally reduce the discounts that had been demanded by the market during the pandemic in 2020. The company was able to effectively use, derivative instrument trading on the London Metal exchange (LME) and hedging that created synergy as prices rose steadily and the company was very profitable in the year.

Global freight and logistics demand increased as did energy costs worldwide and consequently freight rates also increased as did disruptions and delays in logistics which were a challenge for all shippers, however due to its long-standing relationships and expertise in the freight market the company was able to effectively manage its shipping costs effectively and minimise increased rates. Strong commodity prices had the effect of increasing finance costs but despite the challenges in shipping and additional carry and finance costs the company was very profitable. At the year end the company had secured contracts to ensure all its inventories held at the year-end were sold and allocated to these contracts.

The company continues to enhance and strengthen its relationship with its existing customers in the Ferro Nickel market, by trying to support their fluctuating requests in demand due to the volatility in markets and is expanding its customer base in Ferro Nickel.

The company continues to trade in Nickel Ore and volumes traded were in line with budgeted demand, the company is looking to diversify its supply of Nickel ore from other origins, in addition the company continues to trade in Copper concentrates, Copper Cathodes, and Chrome and Ferro Chromium products.

The company has maintained its trade lines with all of its Financing banks and has again year on year increased its overall liquidity lines with its Trade Commodity Finance banks and is looking to further increase lines and bank diversity given increased liquidity requirements based on strengthening commodity prices. All our banks are active in all regions traded in by the Company. The company is confident it has sufficient lines to finance its trading operations and also sufficient LME trading lines with LME brokers to secure its ability to hedge its products.

RAZNOIMPORT (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

The company has been able to continue to trade as usual after the UK's exit from the European Union. The company has been able to market its products in the EU and the UK and has been able to register its product in both these jurisdictions. The impact of Brexit on the company has been limited. This is because LME is a global market for base metals and the company has a geographically diverse client base.

The principal uncertainty is the evolution of commodity prices, and fluctuating commodity prices impact liquidity requirements both on physical material purchased and in margin requirement on the LME hedging book and also general demand for metal. In particular in light of volatile and high prices customers are reluctant to fix volumes for longer term supply contracts creating additional challenges in marketing metal. The nature and timing of these fluctuations make the quantum difficult to quantify. Further details to the principal risks and uncertainties are set out in note 13 to these financial statements.

Events after the end of the reporting period

In March 2022 the Nickel price had an unprecedented spike never seen before in magnitude that was linked to a dominant long position in the LME Nickel market, Nickel prices jumped from \$29,800 to \$42,995 within 24 hours, this was unprecedented in the history of the LME Nickel contract and the market rallied further overnight rising to a staggering price of \$100,000 when the LME took action to suspend the market and cancel all trades posted after the last day closing price. The company faced huge margin payments due to this unprecedented spike but together with its financing banks was able to meet the margin requirements in time. The LME has raised initial margin rates significantly to slow the market again increasing liquidity requirements in the hedging book. The company's management has taken additional measures to mitigate the upside risk on its hedging book and is confident it is able to withstand these types of unprecedented spikes in the future. Additionally, the company is reassured with the LME's decision to impose price movement day limits that help mitigate such unexpected huge volatility.

The war in Ukraine has impacted markets worldwide and increased commodity, food and energy prices, leading to inflationary stress on many economies and this together with another episode of severe Covid restrictions in China has adversely affected demand in many commodity markets. The company is monitoring the situation and trying to diversify the sales book to ensure all inventories are sold. Volumes of ores sold in Ukraine now are being shipped to alternative markets in China. Any loss of purchases of Nickel from Ukraine are being made up by increased offtake from the Guatemalan market. The emergence of war is a non-adjusting event since the invasion occurred during February 2022.

The company has been closely monitoring its liquidity position to ensure it can continue to meet all obligations as they fall due. This includes the performance of adverse scenario and stress testing done weekly.

The company has been closely monitoring its counterparty risks and enhancing its credit risk mitigation techniques where appropriate. It has recently with consultants updated all its procedure and compliance codes.

We are expecting increased volumes in particular for our offtake of Ferro Nickel with similar levels on Copper and ores.

COVID-19

The company continues to monitor the impact of the COVID-19 pandemic on its business on a regular basis and continues to enable home working for its staff. Although restrictions have been relaxed the company is still taking precautions for its staff working on a rota basis in the office. The company has been operating business as usual.

Development and performance

The company will continue to trade in all the existing lines of business in 2022. The company is looking to develop its trade in Nickel ore.

RAZNOIMPORT (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Key performance indicators

The company continues to use segmented turnover in US dollars, tonnage volumes traded and volumes off- taken together with detailed margin analysis including finance costs to monitor trading performance. Disclosure of these KPI's would be commercially sensitive to the interest of the company.

Non- financial indicators are also rigorously monitored by the company and these include on time deliveries, customer satisfaction, customer retention, customer service and in particular the monitoring of product quality. Additionally, we monitor corporate reputation, information and data security both in house and with our client base. We ascertain and ensure that our suppliers and customers are operating under recognised ESR regulations.

Other information and explanations

The director is satisfied with the results for the year and the state of affairs at the balance sheet date.

Statement by the Director in performance of their statutory duties in accordance with s 172(1) Companies Act 2006

The Director of Raznoimport (UK) Limited considers that he has acted in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s 172 (1) (a-f) of the Companies Act 2006) in the decisions taken during the year ended 31st December 2021.

Our People

People are a key factor for our business to succeed. We are proud of the average length of service of our employees. We intend to retain people for the long term and our recruitment strategy is based on offering long careers in fairly paid and stable jobs.

We encourage our employees to have both fulfilling careers and balanced lives. We look to our employees to contribute ideas for our future growth, and share the rewards of the business where we are profitable, primarily through our discretionary annual bonus scheme.

Business Relationships

We value long term relationships with our suppliers and customers and many of our relationships span years and some span decades. We employ robust "know your customer" and "know your supplier" processes across our operations, and we are typically cautious when entering into new relationships. We ensure compliance with the most up to date ESR standards required by the industries in which we operate.

Community, Environment and Reputation

We believe that a positive and strong culture is the best way to ensure a high level of professional conduct when it comes to health and safety, environment, regulations or business dealings.

Capital allocation and long-term decisions

Quarterly the director reviews the financial budgets, resource plans and investment decisions. In making decisions concerning the business plan and future strategy, the director has regard to a variety of matters including the interests of stakeholders, long term consequences of our capital allocation (such expenditure needed to ensure our long- term viability whilst maintaining adequate liquidity), and reputation.

Decisions on the level of dividend take into account the general profitability, liquidity and funding needs of the company.

RAZNOIMPORT (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

M Zheleznikov
Director

24 June 2022

RAZNOIMPORT (UK) LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The director is responsible 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 then 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;
- 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 them 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.

RAZNOIMPORT (UK) LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The director presents his annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of trading in non ferrous metals and commodities.

Director

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

M Zheleznikov

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Energy and emissions data

As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Auditor

The auditor, Bright Grahame Murray, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

M Zheleznikov

Director

24 June 2022

RAZNOIMPORT (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF RAZNOIMPORT (UK) LIMITED

Opinion

We have audited the financial statements of Raznoimport (UK) Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 2021 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

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 director 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the 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 the director's report have been prepared in accordance with applicable legal requirements.

RAZNOIMPORT (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF RAZNOIMPORT (UK) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, 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 has 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.

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

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the UK Companies Act, tax legislation, employment legislation, ESR Standards, International Maritime Standards and Environment.
- We enquired of the director, reviewed correspondence with HMRC and reviewed director meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the director has in place to ensure compliance.
- We gained an understanding of the controls that the director has in place to prevent and detect fraud. We enquired of the director about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: revenue recognition, related parties outside normal course of business, management override and stocks.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the director and third-party advisors about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

RAZNOIMPORT (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF RAZNOIMPORT (UK) LIMITED

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

Ahsan Miraj (Senior Statutory Auditor)
For and on behalf of Bright Grahame Murray
Chartered Accountants
Statutory Auditor
Emperor's Gate
114a Cromwell Road
Kensington
London
SW7 4AG

28 June 2022

RAZNOIMPORT (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 31 DECEMBER 2021**

		2021	2020
	Notes	\$	\$
Turnover	3	906,457,743	706,231,222
Cost of sales		(894,014,255)	(693,366,731)
Gross profit		12,443,488	12,864,491
Distribution costs		(114,018)	(77,739)
Administrative expenses		(7,944,506)	(3,781,515)
Other operating income		-	7,727
Operating profit	5	4,384,964	9,012,964
Interest receivable and similar income	8	661	2,843
Interest payable and similar expenses	9	(1,522,715)	(7,653,432)
Profit before taxation		2,862,910	1,362,375
Taxation	10	(576,869)	(194,183)
Profit for the financial year		2,286,041	1,168,192
Total comprehensive profit for the year		2,286,041	1,168,192

The profit and loss account has been prepared on the basis that all operations are continuing operations.

RAZNOIMPORT (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 \$	\$	2020 \$	\$
Fixed assets					
Tangible assets	11	116,119		60,238	
Investments	12	26,020		26,020	
		<u>142,139</u>		<u>86,258</u>	
Current assets					
Stocks	14	142,869,603	114,760,868		
Debtors	15	185,968,606	139,495,917		
Cash at bank and in hand		33,216,651	44,376,245		
		<u>362,054,860</u>	<u>298,633,030</u>		
Creditors: amounts falling due within one year	16	<u>(307,069,546)</u>	<u>(245,986,663)</u>		
Net current assets		<u>54,985,314</u>		<u>52,646,367</u>	
Total assets less current liabilities		<u>55,127,453</u>		<u>52,732,625</u>	
Creditors: amounts falling due after more than one year	17	(71,900)		-	
Provisions for liabilities					
Provisions	20	280,000	280,000		
Deferred tax liability	21	46,739	9,852		
		<u>(326,739)</u>	<u>(289,852)</u>		
Net assets		<u>54,728,814</u>		<u>52,442,773</u>	
Capital and reserves					
Called up share capital	23	28,329,785	28,329,785		
Profit and loss reserves		26,399,029	24,112,988		
Total equity		<u>54,728,814</u>	<u>52,442,773</u>		

The financial statements were approved and signed by the director and authorised for issue on 24 June 2022

M Zheleznikov
Director

Company Registration No. 01495478

RAZNOIMPORT (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
Notes	\$	\$	\$
Balance at 1 January 2020	28,329,785	22,944,796	51,274,581
Period ended 31 December 2020:			
Profit and total comprehensive income for the year	-	1,168,192	1,168,192
Balance at 31 December 2020	28,329,785	24,112,988	52,442,773
Period ended 31 December 2021:			
Profit and total comprehensive income for the year	-	2,286,041	2,286,041
Balance at 31 December 2021	28,329,785	26,399,029	54,728,814

RAZNOIMPORT (UK) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 \$	\$	2020 \$	\$
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	30	(62,245,383)		18,073,105	
Interest paid		(3,609)		(1,154)	
Income taxes (paid)/refunded		(266,186)		244,267	
Net cash (outflow)/inflow from operating activities		(62,515,178)		18,316,218	
Investing activities					
Purchase of tangible fixed assets		(133,352)		(30,013)	
Proceeds on disposal of tangible fixed assets		55,557		-	
Interest received		661		2,843	
Net cash used in investing activities		(77,134)		(27,170)	
Financing activities					
Payment of finance leases obligations		(13,205)		(5,372)	
Net cash used in financing activities		(13,205)		(5,372)	
Net (decrease)/increase in cash and cash equivalents		(62,605,517)		18,283,676	
Cash and cash equivalents at beginning of year		(181,834,578)		(200,118,254)	
Cash and cash equivalents at end of year		(244,440,095)		(181,834,578)	
Relating to:					
Cash at bank and in hand		33,216,651		44,376,245	
Bank overdrafts included in creditors payable within one year		(277,656,746)		(226,210,823)	

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Raznoimport (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, 114a Cromwell Road, London, SW7 4AG.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in US Dollars which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$.

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

Consolidation

The company is exempt from the requirement to prepare group financial statements by virtue of section 405(2) of the Companies Act 2006, due to immateriality. In the opinion of the director, the company's subsidiaries are not material in relation to the financial statements and therefore these accounts present information about the company as an individual undertaking and not about its group.

1.2 Going concern

The Director believes the company is well placed to manage business risk successfully and, has a reasonable expectation that the company will be able to continue in operational existence for more than twelve months following the date of signing the financial statements. Accordingly, he continues to adopt the going concern basis of accounting in preparing the annual financial statements. In coming to this conclusion, the Director has considered the current market demand scenarios and LME price levels, the company's place in the market, the availability of liquidity facilities and its ability to grow the business.

1.3 Turnover

Revenue is measured at the fair value of the consideration received or receivable net of sales tax, trade discounts and customer returns. The company recognises revenue from sales when the goods are shipped or delivered and when the company has transferred to the buyer the significant risks and rewards of ownership of the goods.

1.4 Tangible fixed assets

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

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

Fixtures, fittings & equipment	20% p.a. on a straight line basis
Computer equipment	25% p.a. on a straight line basis
Motor vehicles	25% p.a. on a reducing balance basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Stocks

Stocks consist entirely of commodities held for resale. Stock is valued at the lower of cost and estimated net realisable value. Cost includes purchase costs, delivery charges and other direct expenses.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including London Metal Exchange ("LME") forward contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

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

LME forward contracts are valued at closing prices quoted by the London Metal Exchange.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

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

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The company pays pension contributions on behalf of certain employees into separately administered employees' private pension funds. Contributions are charged to the profit and loss account as paid.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.17 Foreign exchange

The presentation currency and functional currency are both US dollars. Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account. Exchange differences arising on non-monetary items, carried at fair value, are included in the profit and loss account, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

1.18 Exceptional items

The company classifies certain one off charges and credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

1.19 Trading in commodity metals

The overall position in each metal is valued at the prevailing market price and differences arising are included in the income statement, and within debtors and creditors as appropriate, with due allowance made for the costs of completing contracts.

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Assessing the functional currency

The directors are required to identify the functional currency of the Company and each subsidiary undertaking. In making this judgement the directors have considered factors such as the currency which mainly influences both sales and cost prices, and the countries whose competitive forces and regulations affect those prices. Where the functional currency is not clearly identifiable, the directors use judgement to determine which currency most faithfully represents the economic effects of the underlying transactions, events and conditions.

Recognition of deferred tax assets

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Inventory

Inventories are valued at the lower cost and net realisable value. New realisable value includes, where necessary, provisions for slow moving and obsolete stocks. Calculation of these provisions requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment and inventory loss trends.

Provisions

The amount recognised as a provision, including tax, legal, contractual and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The company assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Determining the useful economic lives of property, plant and equipment

Raznoimport depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation and product life cycles.

Establishing recoverable values of impaired assets

Investments in associates and other investments, loans receivables and property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised. Loans and receivables are evaluated based on collectability. Changes in estimates could impact recoverable values of these assets.

3 Turnover and other revenue

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

	2021	2020
	\$	\$
Turnover analysed by class of business		
Metal trading	906,457,743	706,231,222
	<u> </u>	<u> </u>
	2021	2020
	\$	\$
Other revenue		
Interest income	661	2,843
Grants received	-	7,727
	<u> </u>	<u> </u>

The director is of the opinion that disclosing an analysis of turnover by class of trade and geographical market, as well as disclosure of the profit or loss by class of trade would be unfairly prejudicial to the interests of the company. This information is therefore not disclosed.

4 Auditor's remuneration

	2021	2020
	\$	\$
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	48,199	35,746
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	44,367	26,600
	<u> </u>	<u> </u>

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Operating profit

	2021	2020
	\$	\$
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(7,727)
Depreciation of owned tangible fixed assets	14,813	13,331
Depreciation of tangible fixed assets held under finance leases	28,091	11,477
(Profit)/loss on disposal of tangible fixed assets	(20,990)	188,198
Bank interest payable	1,659,571	3,933,546
Interest receivable on supplier advances	-	(338,415)
Operating lease charges	476,798	215,095
	<u> </u>	<u> </u>

6 Employees

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

	2021	2020
	Number	Number
Staff	6	6
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021	2020
	\$	\$
Wages and salaries	6,608,356	2,470,840
Social security costs	378,781	354,491
Pension costs	125,997	96,843
	<u> </u>	<u> </u>
	7,113,134	2,922,174
	<u> </u>	<u> </u>

7 Director's remuneration

	2021	2020
	\$	\$
Remuneration for qualifying services	4,791,229	842,642
Company pension contributions to defined contribution schemes	31,408	29,255
	<u> </u>	<u> </u>
	4,822,637	871,897
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

7 Director's remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021	2020
	\$	\$
Remuneration for qualifying services	4,791,229	842,642
Company pension contributions to defined contribution schemes	31,408	29,255
	<u> </u>	<u> </u>

The key management of the company is the director therefore no additional disclosure of key management compensation has been provided.

8 Interest receivable and similar income

	2021	2020
	\$	\$
Interest income		
Interest on bank deposits	661	2,843
	<u> </u>	<u> </u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	661	2,843
	<u> </u>	<u> </u>

9 Interest payable and similar expenses

	2021	2020
	\$	\$
Other finance costs:		
Interest on finance leases and hire purchase contracts	3,609	1,154
Loss on hedged item in a fair value hedge	1,519,106	7,652,278
	<u> </u>	<u> </u>
	1,522,715	7,653,432
	<u> </u>	<u> </u>

10 Taxation

	2021	2020
	\$	\$
Current tax		
UK corporation tax on profits for the current period	539,982	308,667
Loss on foreign exchange	-	(80,424)
	<u> </u>	<u> </u>
Total current tax	539,982	228,243
	<u> </u>	<u> </u>

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Taxation	(Continued)	
Deferred tax		
Origination and reversal of timing differences	8,596	(39,226)
Changes in tax rates	11,217	5,166
Adjustment in respect of prior periods	17,074	-
	<u>36,887</u>	<u>(34,060)</u>
Total deferred tax	<u>36,887</u>	<u>(34,060)</u>
 Total tax charge	 <u>576,869</u>	 <u>194,183</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 \$	2020 \$
Profit before taxation	<u>2,862,910</u>	<u>1,362,375</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	543,953	258,851
Tax effect of expenses that are not deductible in determining taxable profit	4,625	10,590
Deferred tax adjustments in respect of prior years	17,074	-
Foreign exchange differences	-	(80,424)
Change in tax rates on deferred tax	11,217	5,166
	<u>576,869</u>	<u>194,183</u>
Tax expense for the year	<u>576,869</u>	<u>194,183</u>

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Tangible fixed assets

	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	\$	\$	\$	\$
Cost				
At 1 January 2021	14,108	38,999	106,966	160,073
Additions	9,136	11,715	112,501	133,352
Disposals	(13,726)	-	(106,966)	(120,692)
At 31 December 2021	9,518	50,714	112,501	172,733
Depreciation and impairment				
At 1 January 2021	13,802	13,634	72,399	99,835
Depreciation charged in the year	1,904	12,909	28,091	42,904
Eliminated in respect of disposals	(13,726)	-	(72,399)	(86,125)
At 31 December 2021	1,980	26,543	28,091	56,614
Carrying amount				
At 31 December 2021	7,538	24,171	84,410	116,119
At 31 December 2020	306	25,365	34,567	60,238

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2021 \$	2020 \$
Motor vehicles	84,410	34,567

12 Fixed asset investments

	Notes	2021 \$	2020 \$
Investments in subsidiaries	28	26,020	26,020

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings \$
Cost or valuation	
At 1 January 2021 & 31 December 2021	26,020
Carrying amount	
At 31 December 2021	26,020
At 31 December 2020	26,020

13 Financial instruments

	2021 \$	2020 \$
Carrying amount of financial assets		
Debt instruments measured at amortised cost	165,383,203	82,364,300
Equity instruments measured at cost less impairment	26,020	26,020
Carrying amount of financial liabilities		
Instruments measured at fair value through profit or loss	5,327,043	3,807,937
Measured at amortised cost	300,763,529	241,853,111

Risk and risk management

Financial instruments of significance to the company comprise primary financial instruments (mainly cash, borrowings, debtors and creditors) and derivative financial instruments (mainly London Metal Exchange ("LME") forward contracts).

In its business activities, the company is exposed to financial risk from a number of sources that can be categorised as market risk, counterparty risk and liquidity risk. Market risk is the risk that movements in metal prices will cause fluctuations in the values of, or cash flows arising from, financial assets and liabilities, and from other contracts for the future delivery of metal.

Exposures to metal price movements are restricted by the imposition of trading position limits by the director. Where appropriate, LME forward contracts are used to offset the metal price exposure inherent in physical metal contracts. LME forward contracts are also traded by the company, again within trading position limits. At pre-determined intervals, the actual positions are checked against the limits delegated.

The company is exposed to potential losses in the event that counterparties to financial instruments (and other contracts for the future delivery of metal) fail to meet their contractual obligations. Credit control policies, including the use of credit limits, credit insurance, guarantees and the managing of customers, are used to mitigate the risk of loss. The spread of the company's businesses reduces its exposure to the risk of material loss due to significant concentrations of credit risk.

The risk that adequate funding is not available for the company to meet its commitments associated with financial instruments is liquidity risk. The company plans its future business in conjunction with its available borrowing facilities to avoid liquidity problems and maintains relationships with lenders to ensure that facility levels, including facilities for the derivatives noted above, are adequate and can be adjusted to address any changes in the company's requirements. Cash is placed on deposit only with approved banks. There is a credit risk associated with balances held with banks, which is mitigated by holding them with highly rated financial institutions.

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

(Continued)

13 Financial instruments

Market risk and sensitivity

At 31 December a 1% change in market prices would have resulted in a change of \$1,030,765 (2020: \$538,873) in the market value of LME derivatives held with third parties. The positions largely reflect hedging done by the company to mitigate their positions in physical metals so the impact on the company's profit would be significantly less than this amount.

Credit risk

At 31 December, the company's exposure to credit risk, without taking account of credit enhancements described in note above, is represented by trade and other debtors along with credit risks arising on the derivatives and other contracts for the future delivery of metal described above. The credit risk associated with banks is also set out in note above.

Capital

The company regards its capital as its share capital and profit and loss account. The company's policy is to maintain its capital at a prudent level in order to be able to meet all its financial obligations.

14 Stocks

	2021 \$	2020 \$
Finished goods and goods for resale	142,869,603	114,760,868

15 Debtors

	2021 \$	2020 \$
Amounts falling due within one year:		
Trade debtors	165,297,804	82,254,734
Amounts owed by group undertakings	-	101
Other debtors	109,763	133,838
Prepayments and accrued income	20,561,039	57,107,244
	185,968,606	139,495,917

Included in other debtors is an amount of \$83,705 (2020: \$83,705) which is recoverable in more than one year.

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Creditors: amounts falling due within one year

	Notes	2021 \$	2020 \$
Bank loans and overdrafts	18	277,656,746	226,210,823
Obligations under finance leases	19	13,001	55,557
Trade creditors		18,645,313	14,008,346
Amounts owed to group undertakings		2	2
Corporation tax		517,187	243,391
Other taxation and social security		533,687	82,224
Derivative financial instruments		5,327,043	3,807,937
Other creditors		160,816	35,036
Accruals and deferred income		4,215,751	1,543,347
		<u>307,069,546</u>	<u>245,986,663</u>

17 Creditors: amounts falling due after more than one year

	Notes	2021 \$	2020 \$
Obligations under finance leases	19	71,900	-
		<u>71,900</u>	<u>-</u>

18 Loans and overdrafts

	2021 \$	2020 \$
Bank overdrafts	277,656,746	226,210,823
	<u>277,656,746</u>	<u>226,210,823</u>
Payable within one year	277,656,746	226,210,823
	<u>277,656,746</u>	<u>226,210,823</u>

All bank loans and overdrafts are fully secured on the company's holding of stocks and receivables.

19 Finance lease obligations

	2021 \$	2020 \$
Future minimum lease payments due under finance leases:		
Within one year	13,001	55,557
In two to five years	71,900	-
	<u>84,901</u>	<u>55,557</u>

Finance lease payments represent rentals payable by the company for certain motor vehicles. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Provisions for liabilities

	2021	2020
	\$	\$
Other provision	280,000	280,000
	<u>280,000</u>	<u>280,000</u>
Movements on provisions:		
		Other provision
		\$
At 1 January 2021 and 31 December 2021		280,000
		<u>280,000</u>

21 Deferred taxation

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

	Liabilities	Liabilities
	2021	2020
	\$	\$
Balances:		
ACAs	25,942	(11,223)
Other	20,797	21,075
	<u>46,739</u>	<u>9,852</u>
		2021
		\$
Movements in the year:		
Liability at 1 January 2021		9,852
Charge to profit or loss		25,670
Effect of change in tax rate - profit or loss		11,217
		<u>46,739</u>
Liability at 31 December 2021		<u>46,739</u>

22 Retirement benefit schemes

	2021	2020
	\$	\$
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	125,997	96,843
	<u>125,997</u>	<u>96,843</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

23 Share capital

	2021	2020
	\$	\$
Ordinary share capital		
Issued and fully paid		
14,591,630 Ordinary shares of £1 each	28,329,785	28,329,785

The company has one class of ordinary shares which carry voting rights but no right to fixed income.

24 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for use of its properties and equipment. Property leases are negotiated for an average term of 3 years and rentals are fixed for an average of 5 years.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	\$	\$
Within one year	335,168	344,652
Between two and five years	197,091	531,607
	<u>532,259</u>	<u>876,259</u>

25 Events after the reporting date

The post balance sheet events are covered in the strategic report.

26 Related party transactions

There are no related party transactions to disclose as required by FRS 102. The remuneration paid to key management personnel is disclosed in note 7.

27 Ultimate controlling party

The immediate parent undertaking is Raznoimport Holdings Limited, a company registered in St Vincent and controlled by Mr A. Fedorovski.

28 Subsidiaries

These financial statements are separate company financial statements for Raznoimport (UK) Limited.

The company owns 100% of the ordinary share capital of SARL Raznoimport NC, a logistics and service company incorporated in New Caledonia.

The above company made a profit of \$370 for the year ended 30 June 2021 and had net assets of \$31,005 at that date.

RAZNOIMPORT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

29 Analysis of changes in net debt

	1 January 2021	Cash flows	31 December 2021
	\$	\$	\$
Cash at bank and in hand	44,376,245	(11,159,594)	33,216,651
Bank overdrafts	(226,210,823)	(51,445,923)	(277,656,746)
	<u>(181,834,578)</u>	<u>(62,605,517)</u>	<u>(244,440,095)</u>
Obligations under finance leases	(55,557)	(29,344)	(84,901)
	<u>(181,890,135)</u>	<u>(62,634,861)</u>	<u>(244,524,996)</u>

30 Cash (absorbed by)/generated from operations

	2021	2020
	\$	\$
Profit for the year after tax	2,286,041	1,168,192
Adjustments for:		
Taxation charged	576,869	194,183
Finance costs	1,522,715	7,653,432
Investment income	(661)	(2,843)
(Gain)/loss on disposal of tangible fixed assets	(20,990)	188,198
Depreciation and impairment of tangible fixed assets	42,904	24,808
Increase in provisions	-	237,622
Movements in working capital:		
(Increase)/decrease in stocks	(28,108,735)	33,704,443
Increase in debtors	(46,472,689)	(22,211,405)
Increase/(decrease) in creditors	7,929,163	(2,883,525)
Cash (absorbed by)/generated from operations	<u>(62,245,383)</u>	<u>18,073,105</u>

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