

**Flexdart Limited**

**Annual report and consolidated  
financial statements**

**Registered number 02052152**

**For the year ended 31 December 2015**

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## Strategic report

The continued weakness in the commodity market and ongoing volatility in the currency market has had a direct impact on our scrap markets. The company has managed to navigate through these challenges and achieved another profitable year.

### Principal activities

The principal activities of the group are the recycling, refining and processing of ferrous and non-ferrous metals. The group has two main trading divisions.

Beaver Metals buys all types of scrap metal in both large and small quantities from individuals and companies locally, nationally and internationally. The scrap is processed, graded and supplied according to the end users requirements. Typical end users will be metal smelting and refining companies where the recycling process is completed. The company also trades in secondary or surplus ferrous and non-ferrous reusable materials including electrical steels.

Metallic Extractors operates as a specialist refiner of non-ferrous metal drosses and residues. It buys and refines or will process on a toll basis material which is produced as a by-product of the melting process. This material may be complex in its nature and is processed into a number of easily recyclable products. In most cases the process enables the residues to be completely recycled.

Beaver Metals has facilities for the dismantling, removal and processing of redundant machinery and oversize scrap with onsite lifting capability in excess of 55MT.

### Risks and uncertainties

75% of the company's sales are exports which are transacted mainly in U S Dollars or Euros. It is the company's policy to hedge these transactions to avoid losses on currency and protect margins.

The metal commodity markets have been depressed for most of the year and the pressure on margins has continued. The fall in turnover is a reflection of the lower commodity prices rather than a fall in tonnage handled, which has shown a small rise.

### Strategy

The company's strategy is to grow the business by the provision of a competitively priced, flexible and an efficient service for the buying, selling and recycling of scrap metal and residues using safe and environmentally acceptable processes.

The company continues to investigate new opportunities as they become available.

### Results and dividends

The results of the group for the year are shown on page 6.

No dividend was paid during the year (2014: £450,000).

By order of the Board



SH Patel  
Secretary

19 April 2016

## Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2015.

### Principal activities and results

The principal activities and results of Flexdart Limited has been disclosed in the Strategic report.

### Directors

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

MF Bevan  
ND Bevan  
SH Patel  
RF Bevan

In accordance with the Articles of Association, all the directors retire and, being eligible, offer themselves for re-election.

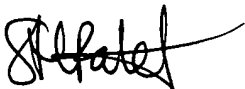
### Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office.

By order of the Board



**SH Patel**  
*Secretary*

Marsh Lane  
Water Orton  
Birmingham  
B46 1NS

19 April 2016

## **Statement of directors' responsibilities in respect of the annual report and the consolidated financial statements**

The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the parent company and of their profit or loss for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

## **Independent auditor's report to the members of Flexdart Limited**

We have audited the financial statements of Flexdart Limited for the year ended 31 December 2015 set out on pages 6 to 29. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

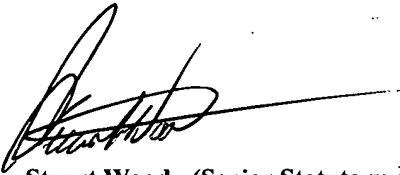
In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Flexdart Limited** *(continued)*

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

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

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



**Stuart Wood (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

19 April 2016

**Consolidated profit and loss account**  
*for the year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>35,240</b>	<b>44,702</b>
Cost of sales		<b>(31,879)</b>	<b>(40,526)</b>
<b>Gross profit</b>		<b>3,361</b>	<b>4,176</b>
Distribution costs		<b>(1,075)</b>	<b>(1,284)</b>
Administrative expenses		<b>(1,357)</b>	<b>(1,577)</b>
<b>Operating profit</b>		<b>929</b>	<b>1,315</b>
Profit from sale of fixed assets		<b>24</b>	<b>38</b>
<b>Profit on ordinary activities before interest</b>		<b>953</b>	<b>1,353</b>
Interest payable and similar charges	<b>3</b>	<b>(267)</b>	<b>(281)</b>
Interest receivable and similar income	<b>4</b>	<b>35</b>	<b>2</b>
Income from fixed asset investments	<b>5</b>	<b>169</b>	<b>182</b>
<b>Profit on ordinary activities before taxation</b>	<b>6</b>	<b>890</b>	<b>1,256</b>
Tax charge on profit on ordinary activities	<b>9</b>	<b>(170)</b>	<b>(279)</b>
<b>Profit for the financial year</b>		<b>720</b>	<b>977</b>

All of the group's operations are classified as continuing.

There are no recognised gains or losses other than those included above and therefore no separate statement of other comprehensive income has been presented.

The notes on pages 12 to 29 form part of the financial statements.

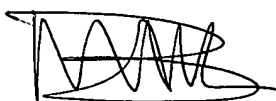


**Consolidated balance sheet**  
*at 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>£000</b>	<b>£000</b>	<b>2014</b> <b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	10	2,687		2,877	
Investment properties	11	2,076		2,076	
			<b>4,763</b>		<b>4,953</b>
<b>Current assets</b>					
Stocks	13	13,108		11,562	
Debtors	14	3,934		5,197	
Cash at bank and in hand	15	851		-	
		<b>17,893</b>		<b>16,759</b>	
<b>Creditors: Amounts falling due within one year</b>	16	<b>(9,391)</b>		<b>(9,494)</b>	
<b>Net current assets</b>			<b>8,502</b>		<b>7,265</b>
<b>Total assets less current liabilities</b>			<b>13,265</b>		<b>12,218</b>
<b>Creditors: Amounts falling due after more than one year</b>	17		<b>(2,525)</b>		<b>(2,149)</b>
<b>Provisions for liabilities</b>	20		<b>(155)</b>		<b>(204)</b>
<b>Net assets</b>			<b>10,585</b>		<b>9,865</b>
<b>Capital and reserves</b>					
Called up share capital	21		-		-
Share premium account			50		50
Capital redemption reserve	22		-		-
Revaluation reserve			1,741		1,741
Profit and loss account			8,794		8,074
<b>Shareholders' funds</b>			<b>10,585</b>		<b>9,865</b>

The notes on pages 12 to 29 form part of the financial statements.

These financial statements were approved by the board of directors on 19 April 2016 and were signed on its behalf by:



**MF Bevan**

*Director*

Company number: 02052152

**Company balance sheet**  
*at 31 December 2015*

	Note	2015 £000	2014 £000	2014 £000
<b>Fixed assets</b>				
Tangible assets	10	2,687	2,877	
Investment properties	11	2,076	2,076	
Fixed asset investments	12	53	53	
			4,816	5,006
<b>Current assets</b>				
Stocks	13	13,108	11,562	
Debtors	14	10,399	8,640	
Cash at bank and in hand		9,424	4,637	
		32,931	24,839	
<b>Creditors: Amounts falling due within one year</b>	16	(24,553)	(17,698)	
<b>Net current assets</b>			8,378	7,141
<b>Total assets less current liabilities</b>			13,194	12,147
<b>Creditors: Amounts falling due after more than one year</b>	17	(2,678)	(2,302)	
<b>Provisions for liabilities</b>	20	(155)	(204)	
<b>Net assets</b>			10,361	9,641
<b>Capital and reserves</b>				
Called up share capital	21	-	-	
Share premium account		50	50	
Capital redemption reserve	22	-	-	
Revaluation reserve		1,741	1,741	
Profit and loss account		8,570	7,850	
<b>Shareholders' funds</b>			10,361	9,641

The notes on pages 12 to 29 form part of the financial statements.

These financial statements were approved by the board of directors on 19 April 2016 and were signed on its behalf by:



**MF Bevan**  
*Director*

Company number: 02052152

## Consolidated statement of changes in equity

	Called up share capital	Share premium account	Capital redemption reserve	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 January 2014	-	50	-	1,741	7,728	9,519
Effect of change in accounting policy	-	-	-	-	(181)	(181)
Balance at 1 January 2014	-	50	-	1,741	7,547	9,338
<b>Total comprehensive income for the year</b>						
Profit	-	-	-	-	977	977
Total comprehensive income for the year	-	-	-	-	977	977
<b>Transactions with owners, recorded directly in equity</b>						
Dividends	-	-	-	-	(450)	(450)
Total contributions by and distributions to owners	-	-	-	-	(450)	(450)
Balance at 31 December 2014 and 1 January 2015	-	50	-	1,741	8,074	9,865
<b>Total comprehensive income for the year</b>						
Profit	-	-	-	-	720	720
Total comprehensive income for the year	-	-	-	-	720	720
<b>Balance at 31 December 2015</b>	-	50	-	1,741	8,794	10,585

The notes on pages 12 to 29 form part of the financial statements.

## Company statement of changes in equity

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2014	-	50	-	1,741	7,504	9,295
Effect on change in accounting policy	-	-	-	-	(181)	(181)
Balance at 1 January 2014	-	50	-	1,741	7,323	9,114
<b>Total comprehensive income for the year</b>						
Profit	-	-	-	-	977	977
Total comprehensive income for the year	-	-	-	-	977	977
<b>Transaction with owners, recorded directly in equity</b>						
Dividends	-	-	-	-	(450)	(450)
Total contributions by and distributions to owners	-	-	-	-	(450)	(450)
Balance at 31 December 2014 and 1 January 2015	-	50	-	1,741	7,850	9,641
<b>Total comprehensive income for the year</b>						
Profit	-	-	-	-	720	720
Total comprehensive income for the year	-	-	-	-	720	720
<b>Balance at 31 December 2015</b>	-	50	-	1,741	8,570	10,361

The notes on pages 12 to 29 form part of the financial statements.

**Consolidated cash flow statement**  
*for year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
<b>Cash flows from operating activities</b>			
Profit for the year		720	977
Adjustments for:			
Depreciation		574	558
Interest receivable and similar income		(35)	(2)
Interest payable and similar charges		267	281
Income from fixed asset investments		(169)	(182)
Gain on sale of tangible fixed assets		(24)	(38)
Taxation		170	279
		<hr/> 1,503	<hr/> 1,873
Decrease/(increase) in trade and other debtors		1,263	(1,355)
Increase in stocks		(1,546)	(1,143)
(Decrease)/increase in trade and other creditors		(517)	779
		<hr/> 703	<hr/> 154
Dividends paid		-	(450)
Interest paid		(238)	(219)
Tax paid		(261)	(217)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>204</b>	<b>(732)</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		74	144
Interest received		-	2
Interest element of finance lease contracts		(29)	(27)
Income from fixed asset investments		169	182
Acquisition of tangible fixed assets		(152)	(290)
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>62</b>	<b>11</b>
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Payment of finance lease liabilities		(557)	(582)
Proceeds from new loans		7,350	3,200
Repayment of borrowings		(4,185)	(3,969)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>2,608</b>	<b>(1,351)</b>
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		2,874	(2,072)
Cash and cash equivalents at 1 January		(2,023)	49
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	<i>15</i>	<b>851</b>	<b>(2,023)</b>
		<hr/>	<hr/>

The notes on pages 12 to 29 form part of the financial statements.

## Notes

*(forming part of the financial statements)*

### 1 New accounting policies

Flexdart Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made an adjustment to brought forward and current year profit and loss in respect of a loss on the fair value measurement of a financial liability, associated deferred tax and deferred tax on previously revalued assets. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 27.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102 in the transition period. The following exemptions have been taken in these financial statements:

- Separate financial instruments – carrying amount of the Company's cost of investment in subsidiaries is its deemed cost at 1 January 2014.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions have been applied:

- No separate parent company Cash Flow Statement with related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

#### 1.1 Change in accounting policy/prior period adjustment

In these financial statements the Company has changed its accounting policies in the following areas:

In accordance with FRS 102 section 12, the group has changed its accounting policy with regards to forward currency contracts. Previously these were held off balance sheet but are now accounted for as fair value through profit and loss. The change in accounting policy has resulted in a reduction in equity at 31 December 2014 of £35,000. An associated deferred tax asset has been recognised.

In accordance with FRS 102 section 29, the group has changed its policy with regards to deferred tax on previously revalued properties. Previously, the deferred tax asset was unrecognised but it is now provided. The change in accounting policy has resulted in a reduction in equity at 31 December 2014 and 1 January 2014 of £180,000 and £181,000 respectively.

#### 1.2 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified at fair value through the profit or loss, investment property and tangible fixed assets.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 Going concern

The financial statements have been prepared on the going concern basis which assumes that the parent company will continue to trade.

The company is the ultimate parent company of six subsidiaries, which are non-traders, which constitute a group. The company is the only company in the group to have a bank loan and overdraft facility which is used to meet the day to day working capital requirements and medium term funding requirements of the company and the group. The directors have prepared detailed group cash flow information for up to the period to May 2017. On the basis of this cash flow information, the directors consider that the company and the group will be able to continue to operate within the facilities currently in place. The directors therefore believe that it is appropriate for the financial statements to be prepared on a going concern basis.

#### 1.4 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2015. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

#### 1.5 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### 1.6 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Basic financial instruments

##### *Trade and other debtor/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Investments in preference and ordinary shares*

Investments in preference and ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### 1.8 Other financial instruments

##### *Derivative financial instruments*

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss.

#### 1.9 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.16 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.9 Tangible fixed assets (continued)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- |   |            |
|---|------------|
| • buildings                               | 50 years   |
| • plant and equipment                     | 2 -5 years |
| • fixtures, fittings, tools and equipment | 5 years    |
| • motor vehicles                          | 4 years    |

Assets under construction are not depreciated.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### Revaluation

Investment properties are stated at fair value less any subsequent accumulated depreciation and impairment losses. Gains on revaluation are recognised in other comprehensive income and accumulated in equity/revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

#### 1.10 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- ii. no depreciation is provided in respect of investment properties applying the fair value model.

This treatment, as regards the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

#### 1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.12 Impairment excluding stocks, investment properties and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs, the company tests the impairment of goodwill by determining the recoverable amount of the entity in its entirety, including the integrated acquired operations.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.13 Employees benefits

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.14 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

#### 1.15 Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the principal activities of the group and are to customers outside the group.

#### 1.16 Expenses

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### 1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.17 Taxation (continued)

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the property.

Unrelieved tax losses and other deferred tax assets are 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.

### 2 Turnover

The turnover and result for the year are attributable to the principal activity of the group. A geographical analysis of turnover is given below:

	2015 £000	2014 £000
UK	6,989	14,399
Europe	11,519	8,010
Asia	8,020	16,002
Rest of world	8,712	6,291
	<u>35,240</u>	<u>44,702</u>

### 3 Interest payable and similar charges

	2015 £000	2014 £000
Interest payable on bank loans and overdrafts	238	219
Finance charges in respect of finance lease contracts	29	27
Net loss on financial assets measured at fair value through profit or loss	-	35
	<u>267</u>	<u>281</u>

### 4 Interest receivable and similar income

	2015 £000	2014 £000
Bank interest	-	2
Net gain on financial assets measured at fair value through profit or loss	35	-
	<u>35</u>	<u>2</u>

## Notes (continued)

### 5 Income from fixed asset investments

	2015 £000	2014 £000
Rental income	169	182

### 6 Expenses and auditor's remuneration

	2015 £000	2014 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Depreciation of tangible fixed assets:		
Owned	124	94
Finance lease	450	464
<i>Auditor's remuneration</i>		
Audit of these financial statements	16	16
Amounts receivable by the auditor and their associates in respect of:		
Other audit related services	4	-
Other services related to taxation	3	3

### 7 Remuneration of directors

	2015 £000	2014 £000
Directors' emoluments	763	1,005
Company contributions to money purchase pension schemes	15	45
	778	1,050
Highest paid director:		
Total remuneration excluding pension contributions	311	447
		Number of directors
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	4	4

The key management personnel are deemed to be equivalent to the Directors.

## Notes (continued)

### 8 Staff costs

The average number of persons employed by the group (including directors) during the year was as follows:

	Number of employees	
	2015	2014
Management	9	9
Administration	13	12
Works	35	37
<b>Total employees</b>	<b>57</b>	<b>58</b>

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	1,849	2,019
Social security costs	193	224
Other pension costs	24	49
<b>Total</b>	<b>2,066</b>	<b>2,292</b>

### 9 Taxation

*Total tax expense received in the profit and loss account, other comprehensive income and equity*

	2015 £000	£000	2014 £000	£000
<i>Current tax</i>				
Current tax on income for the year	217		260	
Adjustments in respect of prior year	2		(1)	
<b>Total current tax</b>		<b>219</b>		<b>259</b>
<i>Deferred tax (see note 20)</i>				
Reversal/(origination) of timing differences	(27)		20	
Effect of tax rate change on opening balance	(21)		-	
Adjustment in respect of prior years	(1)		-	
<b>Total deferred tax</b>		<b>(49)</b>		<b>20</b>
<b>Tax on profit on ordinary activities</b>		<b>170</b>		<b>279</b>

All of the above tax charges/(credits) have been recognised in the profit and loss account.

## Notes (continued)

### 9 Taxation (continued)

#### Reconciliation of effective tax rate

The tax charge for the year is lower (2014: higher) than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%).

	2015 £000	2014 £000
Profit for the year	720	977
Total tax expense	170	279
	<hr/>	<hr/>
Profit excluding taxation	890	1,256
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 20.25% (2014: 21.5%)	180	270
Effects of:		
Expenses not qualifying for tax purposes	6	13
Marginal relief	-	(1)
Adjustment in respect of prior year	1	(1)
Effect of difference in tax rate between current and deferred tax	4	(2)
Effect of tax rate change on opening balance	(21)	-
	<hr/>	<hr/>
Total current tax charge (see above)	170	279
	<hr/>	<hr/>

#### (iii) Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31 December 2015 has been calculated based on the rate of 18%. An additional reduction to 17% (effective from 1 April 2020) was announced in the budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly and reduce the deferred tax liability at 31 December 2015 by £9,000.

## Notes (continued)

### 10 Tangible fixed assets

#### Group and company

	Freehold land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Under Construction £000	Total £000
<b>Cost or valuation</b>						
At beginning of year	1,638	3,531	74	644	-	5,887
Additions	69	184	7	156	19	435
Disposals	-	(22)	(5)	(151)	-	(178)
At end of year	1,707	3,693	76	649	19	6,144
Comprising:						
Cost	304	3,693	76	649	19	4,741
Valuation 1991	1,403	-	-	-	-	1,403
	1,707	3,693	76	649	19	6,144
<b>Accumulated depreciation</b>						
At beginning of year	37	2,542	58	373	-	3,010
Charge for the year	2	409	10	153	-	574
Eliminated on disposals	-	(20)	(1)	(106)	-	(127)
At end of year	39	2,931	67	420	-	3,457
<b>Net book value</b>						
At 31 December 2015	1,668	762	9	229	19	2,687
At 31 December 2014	1,601	989	16	271	-	2,877

#### Tangible fixed assets held under finance lease

At 31 December 2015 the net carrying amount of plant and machinery and motor vehicles of the group and company, leased under finance leases was £736,000 (2014: £1,124,000).

Freehold land and buildings were revalued in September 1991 by external qualified chartered surveyors on the basis of the open market value for existing use.



## Notes (continued)

### 11 Investment properties

#### Group and company

	£000
Valuation at beginning and end of year	2,076

Investment properties are stated at valuation by Grimley GVA, Chartered Surveyors, on the basis of open market value as at 30 April 2013. The directors have reviewed the valuation at year end and no further adjustment is considered necessary. The historical cost of investment properties included at valuation is as follows:

	£000
Cost	1,412

### 12 Fixed asset investments

#### Company

	Shares in group undertakings £000
<i>Cost</i>	
At beginning and end of year	450
<i>Provisions for diminution in value</i>	
At beginning and end of year	397
<i>Net book value</i>	
At 31 December 2015	53
At 31 December 2014	53

At 31 December 2015, the Company had the following subsidiary undertakings:

Name	Country of incorporation	Nature of trade	Net assets/ (liabilities) £000	Class of shares held	Percentage holding
Beaver Metals Pty Limited	Australia	Dormant	(108)	Ordinary	100
Beaver Metals (London) Limited	UK	Dormant	(139)	Ordinary	100
Ryknild Trading Limited	UK	Dormant	100	Ordinary	100
Metallic Extractors (Non-Ferrous) Limited	UK	Dormant	53	Ordinary	100
John Philips Metals Limited	UK	Dormant	(580)	Ordinary	100
Heart of England Compounding Limited	UK	Dormant	(589)	Ordinary	100

## Notes (continued)

### 13 Stocks

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Raw materials and consumables	13,108	11,562	13,108	11,562

Raw materials and consumables recognised as cost of sales in the year amounted to £30,517,000 (2014: £38,547,000). There were no write-downs of stock or reversals of write-downs in 2015 or 2014.

### 14 Debtors

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade debtors	3,024	4,368	3,024	4,368
Amounts due from subsidiary undertakings	-	-	8,058	5,036
Less: Provision against amounts due from subsidiary undertakings	-	-	(1,593)	(1,593)
Other debtors	815	735	815	735
Prepayments	95	94	95	94
	<u>3,934</u>	<u>5,197</u>	<u>10,399</u>	<u>8,640</u>

### 15 Cash and cash equivalents

	Group	
	2015 £000	2014 £000
Cash at bank and in hand	851	-
Bank overdrafts	-	(2,023)
Cash and cash equivalents per the cash flow statement	<u>851</u>	<u>(2,023)</u>

## Notes (continued)

### 16 Creditors: Amounts falling due within one year

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Bank loans and overdraft (secured)	5,192	4,665	13,764	9,301
Amounts due under finance lease contracts (secured)	475	510	475	510
Amounts due to subsidiary undertakings	-	-	6,604	3,582
Trade creditors	2,578	3,042	2,578	3,042
Corporation tax	217	260	217	260
Other taxation and social security	145	281	145	281
Other creditors	150	150	150	150
Accruals and deferred income	634	551	620	537
Other financial liabilities (see note 24)	-	35	-	35
	<u>9,391</u>	<u>9,494</u>	<u>24,553</u>	<u>17,698</u>

The amounts due under finance lease contracts are secured on the assets to which they relate.

Bank loans and overdrafts are secured on the assets of the group.

### 17 Creditors: Amounts falling due after more than one year

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Amounts due under finance lease contracts (secured – see note 16)	397	636	397	636
Amounts due to subsidiary undertakings	-	-	153	153
Bank loans (secured – see note 16)	2,128	1,513	2,128	1,513
	<u>2,525</u>	<u>2,149</u>	<u>2,678</u>	<u>2,302</u>

### 18 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest bearing loans and borrowings which are measured at amortised cost.

	Group and Company	
	2015 £000	2014 £000
<b>Creditors falling due more than one year:</b>		
Secured bank loans	2,128	1,513
Finance lease liabilities	397	636
	<u>2,525</u>	<u>2,149</u>

## Notes (continued)

### 18 Interest-bearing loans and borrowings (continued)

#### Creditors falling due within less than one year

Secured bank loans	5,192	2,642
Finance lease liabilities	475	510
	<hr/>	<hr/>
	5,667	3,152
	<hr/>	<hr/>

#### Terms and debt repayment

All loans are to be repaid in monthly instalments between 2016 and 2018. Interest is charged at LIBOR plus a range of 1.75% - 2.25%.

### 19 Other interest-bearing loans and borrowings

#### Finance liabilities

#### Group and company

	Minimum lease payments 2015 £000	Minimum lease payments 2014 £000
Less than one year	475	510
Between one and five years	292	382
More than five years	105	254
	<hr/>	<hr/>
	872	1,146
	<hr/>	<hr/>

### 20 Deferred taxation

	Group and company £000
Liability at beginning of year	(204)
Credit to the profit and loss account (see note 9)	49
	<hr/>
Liability at end of year	(155)
	<hr/>

The elements of deferred tax are as follows:

	2015 £000	2014 £000
On fixed assets	(155)	(211)
On foreign currency contracts	-	7
	<hr/>	<hr/>
Deferred tax liability	(155)	(204)
	<hr/>	<hr/>

## Notes (continued)

### 21 Share capital

	Group and company	
	2015	2014
	£	£
<i>Allotted, called up and fully paid:</i>		
180 ordinary shares of £1 each	180	180

### 22 Capital redemption reserve

	Group and company	
	2015	2014
	£	£
At beginning and end of year	80	80

The cumulative amount of positive goodwill resulting from acquisitions in earlier financial years which has been written off is £417,373 (2013: £417,373).

### 23 Pensions

The group operates two defined contribution pension schemes. The assets of each scheme are held separately from those of the group in independently administered funds. The pension charge represents contributions payable by the group to the funds and amounted to £24,000 (2014: £49,000). Contributions to the funds vary from time to time within limits proposed by the actuaries. The maximum contribution is that required to provide the Inland Revenue maximum benefits.

### 24 Financial instruments

#### (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2015	2014
	£000	£000
Assets measured at amortised cost	3,934	4,368
Liabilities measured at amortised cost	(3,724)	(4,284)
Liabilities measured at fair value through profit or loss	-	(35)
Loan commitments at cost less amortisation	(7,320)	(4,155)
	(7,110)	(4,106)

#### (b) Financial instruments measured at fair value

##### Derivative financial instruments

The fair value of forward exchange contracts is based on the broker valuation.

#### (c) Fair values

There is no difference between the carrying value and fair value

## Notes (continued)

### 25 Ultimate controlling party

The Board do not consider there to be one controlling party.

### 26 Accounting estimates and judgements

#### *Key sources of estimation uncertainty*

##### **Inventories**

There is an element of estimation uncertainty with regards to the valuation of stock at year-end. This is due to the nature of the stock and the variability in the quality and grades of metals that could exist, and also due to the varying metal prices which continually affect the value of the stock.

##### **Investment property**

Whilst the value of the properties is assessed by the Directors every year, the properties are sensitive to a range of varying factors. The last external valuation was performed in April 2013 from which the directors do not believe the value of the investment properties has changed.

### 27 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

#### *Reconciliation of profit and equity from old GAAP to FRS 102*

##### **Group**

		Profit for the year ended 31 December 2014 £000	Equity as at 31 December 2014 £000	Equity as at 1 January 2014 £000
	<i>Note</i>			
<b>Amount under old GAAP</b>		<b>1,004</b>	<b>10,073</b>	<b>9,519</b>
Derivative financial instrument	<i>a</i>	(35)	(35)	-
Deferred tax	<i>a</i>	7	7	-
Deferred tax	<i>b</i>	1	(180)	(181)
<b>Amount under FRS 102</b>		<b>977</b>	<b>9,865</b>	<b>9,338</b>

## Notes (continued)

### 27 Explanation of transition to FRS 102 from old UK GAAP (continued)

#### Company

		Profit for the year ended 31 December 2014 £000	Equity as at 31 December 2014 £000	Equity as at 1 January 2014 £000
	Note			
Amount under old GAAP		1,004	9,849	9,295
Derivative financial instrument	a	(35)	(35)	-
Deferred tax	a	7	7	-
Deferred tax	b	1	(180)	(181)
Amount under FRS 102		<u>977</u>	<u>9,641</u>	<u>9,114</u>

#### Notes to the reconciliation of profit and equity

- a) In accordance with FRS 102 section 12, the group has changed its accounting policy with regards to forward currency contracts. Previously, these were held off balance sheet but are now accounted for as derivative financial instruments. The group must therefore value the derivative at fair value through profit or loss. Deferred tax has also been recognised.
- b) In accordance with FRS 102 section 29, the group has changed its accounting policy with regards to deferred tax on previously revalued properties. Previously this was unrecognised but it is now provided.