

Registered number: 07467003

AMARI COPPER ALLOYS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**



AMARI COPPER ALLOYS LIMITED

COMPANY INFORMATION

Directors	N Murdoch A Roberts
Company secretary	M Hale
Registered number	07467003
Registered office	Parkway House Unit 6 Parkway Industrial Estate Pacific Avenue Wednesbury WS10 7WP
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS

AMARI COPPER ALLOYS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Strategic report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11 - 25

AMARI COPPER ALLOYS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the year, after taxation, amounted to £89,832 (2016: profit of £142,611). The directors have not recommended a dividend (2016: £Nil).

Directors

The directors who served during the year were:

N Murdoch
A Roberts

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AMARI COPPER ALLOYS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Financial risk management objectives and policies

The company uses a variety of financial instruments including cash, borrowings, equity investments and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the company's operations.

The directors are of the view that the main risks arising from the group's financial instruments are liquidity risk, market risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies remain unchanged from previous years.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved through support from the parent company.

Market risk

The company is exposed to transaction foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Fluctuations in metal prices are reviewed on a regular basis and taken into consideration when placing purchase orders and setting the selling price of the company's stock range.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis.

Qualifying third party indemnity provisions

The company has maintained directors' and officers' liability insurance in respect of its directors.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



A Roberts
Director

Date: 28 September 2018

AMARI COPPER ALLOYS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their strategic report for the year ended 31 December 2017.

Principal activities

The principal activity of the company during the year was that of stockholders, processors and distributors of copper alloys to industry.

Business review and future development

The profit for the year, after taxation, amounted to £89,832 (2016 – £142,611). The directors have not recommended a dividend (2016 - £nil).

Various key performance indicators are used by the directors to monitor and compare the performance of the company. They regard the following as the key financial indicators of performance, all of which can be observed in the attached financial statements.

- Turnover £2.8 million (2016 - £2.9 million)
- Profit before tax £0.1 million (2016 – £0.2 million)
- Net assets £0.3 million (2016 - £0.2 million)
- Average number of employees increased from 15 to 17

The directors of the company are not satisfied with the results for the year. Whilst gross profit decreased compared to 2016, in a broadly flat market, operating expenses have been subject to inflationary pressures, with some investment for future growth. To provide a platform for sustainable growth and to negate the impact of the specific risks and uncertainties highlighted below, the company will continue to implement operational efficiency improvements, thereby enhancing productivity and reducing operating expenses.

Principal risks and uncertainties

The principal risks and uncertainties of the company are fluctuations in raw material prices, movements in exchange rates, continuing political instability including the effect of Brexit on the economy, changes in government legislation, costs of complying with excessive and burdensome government regulation and the credit risk arising from trade debtors.

Whilst the company takes action to mitigate the principal risks, where possible, there are specific risks and uncertainties outside of its control that could impact on the future financial performance of the company. Specific examples of such risks relate to government imposed levies, the Pension Protection Levy and Apprenticeship Levy; both of which could result in a significant increase in the operating costs of the company and a subsequent reduction in profitability and capital available for future reinvestment with no net benefit to the company or the nation.

The ultimate shareholder has requested that the directors include the following statement in the Strategic report - the ultimate parent company is privately held, as is the company, and they believe the requirement to publish private accounts is a violation of both the spirit and law under European Union right to privacy legislation.

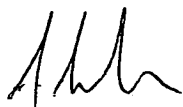
AMARI COPPER ALLOYS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Going concern

The directors of the parent undertaking, Amari Metals Limited, having carefully considered all pertinent matters are satisfied that the company and group is a going concern and that sufficient funds are available for a period of at least twelve months from the date of signing these financial statements. The company participates in a group treasury function available to the parent and all companies in the group; the directors of this company accordingly continue to prepare the financial statements on the going concern basis.

This report was approved by the board and signed on its behalf.



A Roberts
Director

Date: 28 September 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AMARI COPPER ALLOYS LIMITED

Opinion

We have audited the financial statements of Amari Copper Alloys Limited (the 'company') for the year ended 31 December 2017, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Who we are reporting to

This report is made solely to the company's member, 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 member 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 member, as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AMARI COPPER ALLOYS LIMITED
(CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report by the Companies Act 2006

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 and the directors' report.

Matters on which we are required to report by exception

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AMARI COPPER ALLOYS LIMITED
(CONTINUED)**

Responsibilities of directors for the financial statements


As explained more fully in the directors' responsibility statement set out on page 1, the directors are 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 directors determine 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 directors are 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.


John Coates BSc BFP FCA (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Reading

Date: 28 September 2018

AMARI COPPER ALLOYS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	2,810,416	2,869,488
Change in stocks of finished goods and work in progress		9,549	(84,912)
Raw materials and consumables		(1,850,240)	(1,774,671)
Other external charges		(287,218)	(304,355)
Staff costs	7	(508,600)	(456,993)
Depreciation and amortisation		(19,784)	(20,285)
Operating profit	5	154,123	228,272
Interest expense and similar charges	9	(42,111)	(48,964)
Profit on ordinary activities before taxation		112,012	179,308
Tax on profit on ordinary activities	10	(22,180)	(36,697)
Profit for the financial year		89,832	142,611
Total comprehensive income for the year		89,832	142,611

All amounts relate to continuing operations.

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

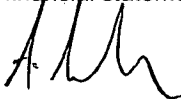
The notes on pages 11 to 25 form part of these financial statements.

AMARI COPPER ALLOYS LIMITED
REGISTERED NUMBER:07467003

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	39,303	39,686
Investments	12	1,287,528	1,287,529
		<u>1,326,831</u>	<u>1,327,215</u>
Current assets			
Stocks	13	208,163	198,614
Debtors: amounts falling due within one year	14	354,100	575,421
Cash at bank and in hand	15	26,649	630,686
		<u>588,912</u>	<u>1,404,721</u>
Creditors: amounts falling due within one year	16	(1,610,658)	(2,518,962)
Net current liabilities		<u>(1,021,746)</u>	<u>(1,114,241)</u>
Total assets less current liabilities		<u>305,085</u>	<u>212,974</u>
Provisions for liabilities			
Other provisions	19	(24,189)	(21,910)
Net assets		<u><u>280,896</u></u>	<u><u>191,064</u></u>
Capital and reserves			
Called up share capital	23	200,000	200,000
Profit and loss account	24	80,896	(8,936)
Shareholder's fund		<u><u>280,896</u></u>	<u><u>191,064</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


A Roberts
 Director

Date: 28 September 2018

The notes on pages 11 to 25 form part of these financial statements.

AMARI COPPER ALLOYS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital £	Profit and loss account £	Total equity £
At 1 January 2016	200,000	(151,547)	48,453
Profit for the year	-	142,611	142,611
Total comprehensive income for the year	-	142,611	142,611
At 1 January 2017	200,000	(8,936)	191,064
Profit for the year	-	89,832	89,832
Total comprehensive income for the year	-	89,832	89,832
At 31 December 2017	200,000	80,896	280,896

The notes on pages 12 to 26 form part of these financial statements.

AMARI COPPER ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

The company is a private company limited by shares and is registered in England and Wales.

Registered Number: 07467003

Registered office: Parkway House, Unit 6 Parkway Industrial Estate, Pacific Avenue, Wednesbury, WS10 7WP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The directors of the parent undertaking, Amari Metals Limited, having carefully considered all pertinent matters are satisfied that the company and group is a going concern and that sufficient funds are available for a period of at least twelve months from the date of signing these financial statements. The company participates in a group treasury function available to the parent and all companies in the group; the directors of this company accordingly continue to prepare the financial statements on the going concern basis.

2.3 Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the UK and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. The information contained within these accounts represents the financial position and performance of the individual company only for the year ended 31 December 2017, and not that of the group.

AMARI COPPER ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Amari Metals Limited as at 31 December 2017 and these financial statements may be obtained from Companies House.

2.5 Turnover

Turnover shown in the income statement represents the total invoice value of goods and services supplied during the period, exclusive of Value Added Tax.

Turnover is recognised when all of the following criteria are met:

- persuasive evidence of an arrangement exists;
- delivery has occurred or services have been rendered;
- the seller's price to the buyer is fixed and determinable; and
- collectability is reasonably assured.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold Property	- over the lease term
Improvements	
Plant, Equipment & Motor	- 10% to 50%
Vehicles	

AMARI COPPER ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the income statement.

2.7 Investments

Fixed asset investments are stated at cost less provision for impairment.

2.8 Stocks

Stocks are valued at the lower of either cost or net realisable value after making due allowance for obsolete and slow-moving stocks.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Operating leases

Rentals under operating leases are charged to the income statement on a straight line basis over the lease term.

2.13 Finance costs

Finance costs are charged to the income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Interest income is recognised in the income statement using the effective interest method.

AMARI COPPER ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.15 Foreign currencies

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

2.16 Pension costs

The company participates in a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions are charged to the income statement.

AMARI COPPER ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.17 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

AMARI COPPER ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.18 Property dilapidations

Under certain operating leases for land and buildings, the company is obligated to make repairs of dilapidations to the leased property upon the expiry of the lease. The company charges amounts to the income statement so that, by the end of the lease, a total provision is accrued that is estimated to be equal to the future costs of those dilapidation obligations. Where repairs are made part way through the lease that will reduce the estimated costs of dilapidation obligations at the expiry of the lease, the costs of those repairs are charged against the dilapidation provision.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include:

Provisions

Provision is made for dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements.

Trade debtors

Management applies judgment in evaluating the recoverability of debtors. To the extent that the Directors believe debtors not to be recoverable they have been provided for in the financial statements.

Stock

Management applies judgment in evaluating stock for obsolescence. This judgment is based on management knowledge of the stock and customer demand, as well as stock age. At each balance sheet date, stocks are assessed for impairment and written down where appropriate.

Valuation of fixed asset investments

The company considers whether investments held in subsidiaries are impaired. Where indicators of impairment are identified the carrying value of the investment is compared to the underlying net assets of the subsidiary and provisions reflected where required.

AMARI COPPER ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Turnover

The whole of turnover is attributable to the principal activity of the company. A geographical analysis of turnover is as follows:

	2017 £	2016 £
United Kingdom	2,297,012	2,222,007
Rest of European Union	83,995	110,128
Rest of world	429,409	537,353
	<u>2,810,416</u>	<u>2,869,488</u>

5. Operating profit

The operating profit is stated after charging/(crediting)

	2017 £	2016 £
Depreciation of tangible fixed assets	19,784	20,285
(Gain)/loss on foreign exchange transactions	(1,237)	5,555
Operating lease rentals:		
- plant and machinery	3,360	3,257
- land and buildings	27,733	26,967
	<u>27,733</u>	<u>26,967</u>

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	6,490	7,500
	<u>6,490</u>	<u>7,500</u>
Fees payable to the company's auditor in respect of:		
Taxation compliance services	2,500	2,500
Other accounting services	1,500	1,500
	<u>1,500</u>	<u>1,500</u>

AMARI COPPER ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Staff costs

Staff costs, including directors' remuneration,, including director's remuneration were as follows:

	2017 £	2016 £
Wages and salaries	405,714	367,010
Social security costs	58,554	46,703
Other pension costs	44,332	43,280
	<u>508,600</u>	<u>456,993</u>

The average monthly number of employees, excluding the directors, during the year was as follows:

	2017 No.	2016 No.
	<u>17</u>	<u>15</u>

8. Directors' remuneration

	2017 £	2016 £
Remuneration	11,185	11,172
	<u>11,185</u>	<u>11,172</u>

During the year retirement benefits were accruing to 1 director (2016: 1) in respect of defined contribution pension schemes.

9. Interest expense and similar charges

	2017 £	2016 £
Interest on loans from group undertakings	42,111	48,964
	<u>42,111</u>	<u>48,964</u>

AMARI COPPER ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profit for the year	22,991	37,301
Total current tax	<u>22,991</u>	<u>37,301</u>
Deferred tax		
Origination and reversal of timing differences	(811)	(604)
Total deferred tax	<u>(811)</u>	<u>(604)</u>
Taxation on profit on ordinary activities	<u>22,180</u>	<u>36,697</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20.0%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	112,012	179,308
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.0%)	21,562	35,862
Effects of:		
Expenses not deductible for tax purposes	345	120
Fixed asset timing differences	166	263
Difference in tax rates - opening deferred tax	(778)	(587)
Difference in tax rates - closing deferred tax	885	1,039
Total tax charge for the year	<u>22,180</u>	<u>36,697</u>

Factors that may affect future tax charges

The UK corporation tax rate decreased from 20% to 19% from April 2017 and a further reduction to 17% in April 2020 is currently planned.

AMARI COPPER ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Tangible fixed assets

	Leasehold Property Improvements £	Plant, Equipment & Motor Vehicles £	Total £
Cost			
At 1 January 2017	58,858	240,583	299,441
Additions	-	20,544	20,544
Transfers intra group	-	(10,975)	(10,975)
Disposals	-	(36,588)	(36,588)
At 31 December 2017	<u>58,858</u>	<u>213,564</u>	<u>272,422</u>
Depreciation			
At 1 January 2017	35,293	224,462	259,755
Charge for the year	6,267	13,517	19,784
Transfers intra group	-	(9,832)	(9,832)
Disposals	-	(36,588)	(36,588)
At 31 December 2017	<u>41,560</u>	<u>191,559</u>	<u>233,119</u>
Net book value			
At 31 December 2017	<u>17,298</u>	<u>22,005</u>	<u>39,303</u>
At 31 December 2016	<u>23,565</u>	<u>16,121</u>	<u>39,686</u>

AMARI COPPER ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2017	2,228,141
Disposals	(1)
At 31 December 2017	<u>2,228,140</u>
Impairment	
At 1 January 2017	940,612
At 31 December 2017	<u>940,612</u>
Net book value	
At 31 December 2017	<u>1,287,528</u>
At 31 December 2016	<u>1,287,529</u>

Subsidiary undertakings

At the year end, the company has 100% interest in the ordinary share capital of the following subsidiary companies:

Name	Class of shares	Holding	Principal activity
Cole and Swallow Materials Limited	Ordinary	100 %	Metal Manufacturing
Amari Precision Tubes Limited	Ordinary	100 %	Metal Manufacturing
S.S.E. Pipefittings Limited	Ordinary	100 %	Metal Manufacturing
Enfield Tubes Limited	Ordinary	100 %	Metal Manufacturing

All of the above companies are incorporated in England and Wales. Their registered addresses are the same as the company and is disclosed in note 1 of these financial statements.

On 2 January 2017 Amari Copper Alloys Limited sold its shares in Intercontinental Technology Limited.

AMARI COPPER ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Stocks

	2017 £	2016 £
Goods held for resale	<u>208,163</u>	<u>198,614</u>

A provision of £1,594 (2016: £5,379) has been recognised against the stock balance due to slow-moving and obsolete stock. The net reversal of the provision of £3,785 (2016: reversal of £5,158) has been recognised in cost of sales.

14. Debtors

	2017 £	2016 £
Trade debtors	317,767	545,060
Amounts owed by group undertakings	21,448	6,659
Prepayments and accrued income	8,188	17,816
Deferred tax asset	6,697	5,886
	<u>354,100</u>	<u>575,421</u>

15. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>26,649</u>	<u>630,686</u>

16. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	196,145	225,002
Amounts owed to group undertakings	1,106,864	2,020,776
Corporation tax	22,991	37,301
Taxation and social security	50,612	56,595
Accruals and deferred income	234,046	179,288
	<u>1,610,658</u>	<u>2,518,962</u>

Amounts owed to group undertakings are repayable on demand. Interest has been charged on borrowings during the year at a rate of 2.50% above base rate as published by the Bank of England.

AMARI COPPER ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>339,215</u>	<u>551,719</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>1,537,055</u>	<u>(2,425,066)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group undertakings.

18. Deferred taxation

	2017 £	2016 £
At 1 January 2017	5,886	5,282
Income statement movement during the year	811	604
At 31 December 2017	<u>6,697</u>	<u>5,886</u>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Fixed asset timing differences	<u>6,697</u>	<u>5,886</u>

AMARI COPPER ALLOYS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

19. Provisions

	Dilapidation provision £
At 1 January 2017	21,910
Income statement movement during the year	2,279
At 31 December 2017	24,189

The dilapidation provision represents obligations under tenancy leases and is expected to be utilised over the remaining lease term.

20. Capital commitments

There were no capital commitments at 31 December 2017 or 31 December 2016.

21. Pension commitments

The company participates in a defined contribution pension scheme for the benefit of all enrolled UK employees. The pension cost for the year represents contributions due by the company to the scheme in respect of the financial year and amounted to £44,332 (2016: £43,280). The amounts outstanding at the year end were £nil (2016: £nil).

22. Operating lease commitments

At 31 December 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Land and buildings		
Within one year	76,170	52,875
Between two and five years	304,680	-
Later than 5 years	369,581	-
Total	750,431	52,875
 Other commitments		
Within one year	-	3,082

AMARI COPPER ALLOYS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

23. Share capital

	2017 £	2016 £
Authorised, allotted, called up and fully paid		
200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

24. Reserves

Called-up share capital

Represents the nominal value of shares that have been issued.

Profit & loss account

Includes all current and prior period retained profits and losses.

25. Contingent liabilities

During the year the company was party to a group banking facility including a cross guarantee, which has been advanced to the group of companies headed by Amari Metals Limited. Neither the group nor the company have pledged assets as security for this facility.

The contingent liability under this arrangement, being the aggregate bank borrowings of the group, at 31 December 2017 and 31 December 2016 was £Nil

There are no other contingent liabilities at 31 December 2017 or at 31 December 2016.

26. Related party transactions

As at 31 December 2017 and 31 December 2016 the directors are of the opinion that no material related party transactions occurred which require disclosure in the financial statements.

27. Ultimate parent undertaking and controlling party

The ultimate parent company and controlling party is Britannia Metals Holdings, Ltd. (formerly known as Amari UK Holdings, Inc.), a company registered in the USA.

The largest and smallest group of which the company is a member and for which group consolidated financial statements are drawn up is headed by Amari Metals Limited, the immediate parent company. Copies of these financial statements are available from Companies House.

The registered office of the immediate parent company is the same as the address of the company as disclosed in note 1 of the accounts.