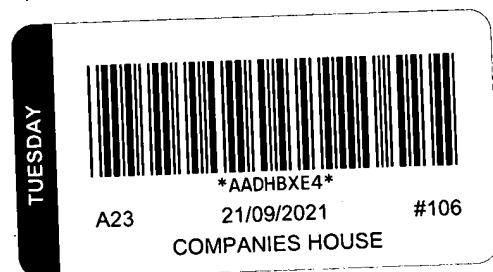


Registered number: 09306909

AERO METALS ALLIANCE UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



AERO METALS ALLIANCE UK LIMITED

COMPANY INFORMATION

Directors	R W Colburn C Norch S Hussey A Roberts
Company secretary	M Hale
Registered number	09306909
Registered office	Parkway House Unit 6 Parkway Industrial Estate Pacific Avenue Wednesbury West Midlands WS10 7WP
Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

AERO METALS ALLIANCE UK LIMITED

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AERO METALS ALLIANCE UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group'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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £3,689,037 (2019 - loss £2,016,490).

The directors have not recommended a dividend (2019: £Nil).

Directors

The directors who served during the year were:

R W Colburn
C Norch
S Hussey
A Roberts

AERO METALS ALLIANCE UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Financial risk management objectives and policies

The Group 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 Group'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 Group 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 Group is exposed to transactional foreign exchange risk. Transactional 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 Group's stock range.

Credit risk

The Group'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.

Energy and carbon emissions

Aero Metals Alliance UK Limited is exempt from disclosure of the Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) as its emissions fall below the 40,000kWh de minimus threshold. The subsidiaries are exempt as they fall below the large company size criteria.

Matters covered in the strategic report

The business review, principal risks and uncertainties, financial key performance indicators and employee consultation are not included in the Directors Report as they are included in the Strategic Report as required under S414c of the Companies Act.

AERO METALS ALLIANCE UK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure 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 and the Group'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 and the Group's auditor is aware of that information.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



A Roberts
Director

Date: 13th August 2021

AERO METALS ALLIANCE UK LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their strategic report for the year ended 31 December 2020.

Business review and future developments

The loss for the year, after taxation, amounted to £3,689,037 (2019: £2,016,490). The directors have not recommended a dividend (2019: £Nil).

Various key performance indicators are used by the directors to monitor and compare the performance of the Group. They regard the following as the key financial and non-financial indicators of performance, all of which can be observed in the attached financial statements. The Group uses other performance indicators in the day to day operations but the directors consider these commercially sensitive and have therefore not disclosed these indicators.

Turnover decreased to £37.1 million (2019: £48.4 million)
Loss before tax increased to £3.8 million (2019: £2.2 million)
Net liabilities increased to £4.6 million (2019: £0.9 million)
Average number of employees have decreased from 160 to 147

The directors of the Group are not satisfied with the results for the year. Turnover and gross profit have decreased compared to 2019, whilst 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 identified below, the Group 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 Group 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 Group 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 Group. Specific examples of such risks relate to government imposed levies, which could result in a significant increase in the operating costs of the Group and a subsequent reduction in profitability and capital available for future reinvestment with no net benefit to the Group 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 Group, and they believe the requirement to publish private accounts is a violation of both the spirit and Law under United Kingdom right to privacy legislation.

Going concern

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which have negatively affected the financial position, results of operations, and cash flows of the Group. Notwithstanding this, the directors of the parent undertaking, Aero Metals Alliance UK Limited, having carefully considered all pertinent matters including the cash reserves of the Group are satisfied that the Company and the 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 in the going concern basis.

AERO METALS ALLIANCE UK LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Section 172(1) statement

The directors act in good faith in making decisions from which the expected outcomes are considered to be most likely to promote the success of the Group for the benefit of its members in the long term. In performing their duties, the directors make a good faith assessment of the potential consequence on various stakeholders.

Employees and the environment

The directors are committed to promoting a safe working environment for its staff, protecting the wellbeing of all employees. The directors keep staff informed of key commercial, operational and personnel matters through structured internal communication channels. Training and development opportunities are provided where they are considered of benefit to the Group and its employees.

The Group has measures in place to monitor its impact on the local community and the environment and the directors maintain a policy of compliance towards all relevant regulatory environmental standards.

Employee consultation and disabled employees

Recruitment policies are designed to ensure equal opportunity of employment. Appropriate consideration is given to disabled applicants in offering employment.

Good communications and relations with employees are attempted, mainly by practices developed in each operating unit compatible with its own particular circumstances. Senior management are kept informed of group developments in certain financial, commercial, strategic and personnel matters as needed, and are thereby enabled to inform and discuss with employees as appropriate at the individual operating units.

Customers

The directors commit considerable resources to servicing the needs of our customers to the highest possible standard with a view to building long term relationships.

Suppliers

A core value of the Group is a strict adherence to paying all suppliers within agreed terms.

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


A Roberts
Director

Date: 13th August 2021

AERO METALS ALLIANCE UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AERO METALS ALLIANCE UK LIMITED

Opinion

We have audited the financial statements of Aero Metals Alliance UK Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Group Statement of Income and retained earnings, the Group and Company Balance sheets, the Group Statement of cash flows and the related notes, 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 Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group 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.

Conclusions relating to going concern

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

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

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

AERO METALS ALLIANCE UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AERO METALS ALLIANCE UK 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 Group 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 Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

- adequate accounting records have not been kept 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.

AERO METALS ALLIANCE UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AERO METALS ALLIANCE UK LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, Environmental protection legislation, Health and safety legislation, Taxation legislation and Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management.

Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, and reading minutes of meetings of those charged with governance.

AERO METALS ALLIANCE UK LIMITED

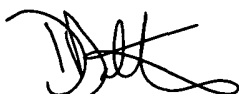
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF AERO METALS ALLIANCE UK LIMITED (CONTINUED)

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing noncompliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

Use of our report

This report is made solely to the Company's member in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to 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 for our audit work, for this report, or for the opinions we have formed.



Dave Darlaston (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

Date: 24/8/2021

AERO METALS ALLIANCE UK LIMITED

**CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	37,124,861	48,442,149
Change in stocks of finished goods and work in progress		1,982,511	4,232,531
Other operating income	5	343,565	-
Raw materials and consumables		(33,074,714)	(41,944,361)
Other external charges		(4,284,619)	(6,020,773)
Staff costs	8	(4,846,352)	(5,393,551)
Depreciation and amortisation		(343,837)	(784,610)
Operating loss	6	(3,098,585)	(1,468,615)
Interest expense and similar charges	10	(725,790)	(684,889)
Loss before tax		(3,824,375)	(2,153,504)
Tax on loss	11	135,338	137,014
Loss after tax		(3,689,037)	(2,016,490)
Retained earnings at the beginning of the year		(25,906,645)	(23,890,155)
		(25,906,645)	(23,890,155)
Loss for the year attributable to the owners of the parent		(3,689,037)	(2,016,490)
Retained earnings at the end of the year		(29,595,682)	(25,906,645)


The notes on pages 15 to 30 form part of these financial statements.

AERO METALS ALLIANCE UK LIMITED
REGISTERED NUMBER: 09306909

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	847,568	855,790
		<u>847,568</u>	<u>855,790</u>
Current assets			
Stocks	15	20,578,777	18,583,227
Debtors: amounts falling due within one year	16	7,979,438	14,039,705
Cash at bank and in hand		1,343,187	452,993
		<u>29,901,402</u>	<u>33,075,925</u>
Creditors: amounts falling due within one year	17	(35,138,055)	(34,676,128)
Net current liabilities		<u>(5,236,653)</u>	<u>(1,600,203)</u>
Total assets less current liabilities		<u>(4,389,085)</u>	<u>(744,413)</u>
Provisions for liabilities			
Other provisions	20	(206,597)	(162,232)
Net liabilities		<u>(4,595,682)</u>	<u>(906,645)</u>
Capital and reserves			
Called up share capital	21	25,000,000	25,000,000
Profit and loss account		(29,595,682)	(25,906,645)
Equity attributable to owners of the parent Company		<u>(4,595,682)</u>	<u>(906,645)</u>

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



A Roberts
Director

Date: 13th August 2021

The notes on pages 15 to 30 form part of these financial statements.

AERO METALS ALLIANCE UK LIMITED
REGISTERED NUMBER: 09306909

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	22,766	7,670
Investments	14	288,460	2,391,755
		<u>311,226</u>	<u>2,399,425</u>
Current assets			
Debtors: amounts falling due within one year	16	21,960,917	18,404,766
Cash at bank and in hand		149,708	19,791
		<u>22,110,625</u>	<u>18,424,557</u>
Creditors: amounts falling due within one year	17	(27,114,995)	(21,704,057)
Net current liabilities		<u>(5,004,370)</u>	<u>(3,279,500)</u>
Total assets less current liabilities		<u>(4,693,144)</u>	<u>(880,075)</u>
Provisions for liabilities			
Other provisions	20	(15,000)	-
		<u>(15,000)</u>	<u>-</u>
Net liabilities		<u>(4,708,144)</u>	<u>(880,075)</u>
Capital and reserves			
Called up share capital	21	25,000,000	25,000,000
Profit and loss account brought forward		(25,880,075)	(24,238,441)
Loss for the year		(3,828,069)	(1,641,634)
		<u>(29,708,144)</u>	<u>(25,880,075)</u>
Profit and loss account carried forward		<u>(4,708,144)</u>	<u>(880,075)</u>

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


A Roberts
 Director

Date: 13th August 2021

The notes on pages 15 to 30 form part of these financial statements.

AERO METALS ALLIANCE UK LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(3,689,037)	(2,016,490)
Adjustments for:		
Amortisation of intangible assets	-	443,320
Depreciation of tangible assets	343,837	341,290
Profit on disposal of tangible assets	(160,458)	(1,982)
Interest paid	725,790	684,889
Taxation charge	(135,338)	(137,014)
(Increase) in stocks	(1,995,550)	(4,191,114)
Decrease/(increase) in debtors	6,522,786	(2,161,822)
(Decrease) in creditors	(3,659,488)	(26,456)
Increase in provisions	44,365	29,365
Net cash generated from operating activities	(2,003,093)	(7,036,014)
Cash flows from investing activities		
Purchase of tangible fixed assets	(525,157)	(424,709)
Sale of tangible fixed assets	350,000	2,500
Net cash from investing activities	(175,157)	(422,209)
Cash flows from financing activities		
(Decrease)/increase in invoice discounting facilities	(2,540,960)	(1,748,777)
Increase/(decrease) in loans from group companies	6,000,000	6,500,000
Interest paid	(390,596)	(357,709)
Net cash used in financing activities	3,068,444	4,393,514
Net increase/(decrease) in cash and cash equivalents	890,194	(3,064,709)
Cash and cash equivalents at beginning of year	452,993	3,517,702
Cash and cash equivalents at the end of year	1,343,187	452,993
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,343,187	452,993

The notes on pages 15 to 30 form part of these financial statements.

AERO METALS ALLIANCE UK LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	452,993	890,194	1,343,187
Debt due within 1 year	(4,712,217)	2,540,960	(2,171,257)
	<u>(4,259,224)</u>	<u>3,431,154</u>	<u>(828,070)</u>

The notes on pages 15 to 30 form part of these financial statements.

AERO METALS ALLIANCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

The Company is a private company limited by shares and is incorporated and registered in England and Wales, registration number 09306909.

The registered office is Parkway House Unit 6, Parkway Industrial Estate, Pacific Avenue, Wednesbury, West Midlands, England, WS10 7WP.

The principal activity of the Group during the year was that of stockholders and distributors of aerospace metal and the principal activity of this company was to act as a holding company.

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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 Going concern

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which have negatively affected the financial position, results of operations, and cash flows of the Group. Notwithstanding this, the directors of the parent undertaking, Aero Metals Alliance UK Limited, having carefully considered all pertinent matters including the cash reserves of the Group are satisfied that the Company and the 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 in the going concern basis.

AERO METALS ALLIANCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Foreign currency translation

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.

2.5 Turnover

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

Turnover is recognised when the risks and rewards of ownership have been transferred after all of the following criteria are met:

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

2.6 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.7 Government grants

Grants are accounted under the FRS 102 accruals model.

Grants of a revenue nature are recognised in the Consolidated statement of income and retained earnings in the same period as the related expenditure.

2.8 Pensions

The Group operates a defined contribution plan for its employees.

The contributions are recognised as an expense in the Consolidated statement of income and retained earnings when they fall due. Once the contributions have been paid the Group has no further payment obligations. The assets of the plan are held separately from the Group in independently administered funds.

AERO METALS ALLIANCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.9 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet date in the countries where the Company and the Group operate and generate income.

2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Customer relationships	-	5	years
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2.11 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.

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:

Long-term leasehold property	-	7% to 20%
Plant, equipment and motor vehicles	-	9% to 50%
Assets under construction	-	Not depreciated

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 in profit or loss.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

AERO METALS ALLIANCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.13 Stocks

Stocks are stated at either the lower of cost or net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on an average cost basis.

2.14 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.15 Financial instruments

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at transaction price.

Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on the notice of not more than 24 hours.

The Group 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.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

2.16 Property Dilapidations

Under certain operating leases for land and buildings, the Group is obligated to make repairs of dilapidations to the leased property upon the expiry of the lease. The Group charges amounts to the Statement of income and retained earnings 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 the dilapidation obligations at the expiry of the lease, the costs of those repairs are charged against the dilapidation provision.

2.17 Invoice Discounting

The Group uses an invoice discount facility and retains all significant benefits and risks relating to debts. The gross amount of the debts are included within assets and a corresponding liability in respect of proceeds received from the facility are shown within liabilities. The interest and charges are recognised as they accrue and are included in the profit and loss account with other interest charges.

AERO METALS ALLIANCE UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

3.1 Critical judgements in applying the group's accounting policies

Stock

Management applies judgement in evaluating stock for obsolescence. This judgement is based on management knowledge of the stock over the long term and customer demand, as well as stock age. At each statement of financial position date, stocks are assessed for impairment and either provided for or written down where appropriate.

3.2 Key accounting estimates and assumptions

Dilapidation provisions

Provisions are 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. Dilapidation provisions have been estimated using historical costs and lease exit rates.

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 the underlying net assets of the subsidiary and provisions reflected where required.

4. Turnover

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

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	25,247,454	35,168,284
Rest of Europe	5,318,167	5,519,017
Rest of the world	6,559,240	7,754,848
	<u>37,124,861</u>	<u>48,442,149</u>

AERO METALS ALLIANCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Other operating income

	2020	2019
	£	£
Government grants receivable	343,565	-

6. Operating loss

The operating loss is stated after charging:

	2020	2019
	£	£
Operating lease rentals - plant and machinery	426,789	714,443
Operating lease rentals - land and buildings	1,140,344	1,046,664
Depreciation of tangible fixed assets	343,836	341,290
Amortisation of intangible assets	-	443,320
(Profit)/loss on foreign exchange transactions	199,029	23,167
(Profit)/loss on disposal of tangible assets	(160,458)	(1,982)

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	43,000	42,250

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	6,100	6,000
All other services	6,000	5,500
	12,100	11,500

AERO METALS ALLIANCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Employees

Staff costs, excluding directors' remuneration, were as follows:

	Group 2020 £	Group 2019 £
Wages and salaries	4,200,046	4,724,186
Social security costs	388,478	440,407
Cost of defined contribution scheme	257,828	228,958
	<u>4,846,352</u>	<u>5,393,551</u>

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

	2020 No.	2019 No.
Average number of staff	<u>147</u>	<u>160</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	102,730	138,750
Company contributions to defined contribution pension schemes	<u>2,153</u>	<u>1,766</u>

During the year retirement benefits were accruing to 1 director (2019 - 1) in respect of defined contribution pension schemes.

10. Interest expense and similar charges

	2020 £	2019 £
Bank interest payable	63,388	96,884
Interest on loans from parent undertakings	662,402	588,005
	<u>725,790</u>	<u>684,889</u>

AERO METALS ALLIANCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Taxation

	2020 £	2019 £
Deferred tax		
Origination and reversal of timing differences	(135,338)	(137,014)
Taxation on loss on ordinary activities	<u>(135,338)</u>	<u>(137,014)</u>

Factors affecting tax charge for the year

The tax credit assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	<u>(3,824,375)</u>	<u>(2,153,504)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(726,630)	(409,166)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	(1,806)	121,746
Fixed asset differences	(25,061)	-
Adjustments to tax charge in respect of prior periods	(40,449)	-
Remeasurement of deferred tax for changes in tax rates	(339,604)	-
Difference in opening and closing deferred tax rates	-	21,400
Deferred tax not recognised	998,212	129,006
Total tax charge for the year	<u>(135,338)</u>	<u>(137,014)</u>

Factors that may affect future tax charges

In March 2021 the UK Government announced that future corporation tax rates would rise to 25% in April 2023. This does not have a material effect on the Group.

AERO METALS ALLIANCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Intangible assets

Group

	Customer Relationships £
At 1 January 2020	2,318,000
Disposals	(2,318,000)
At 31 December 2020	-
At 1 January 2020	2,318,000
On disposals	(2,318,000)
At 31 December 2020	-
Net book value	
At 31 December 2020	-
At 31 December 2019	-

AERO METALS ALLIANCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Tangible fixed assets

Group

	Long-term leasehold property £	Plant, equipment and motor vehicles £	Assets under construction £	Total £
Cost or valuation				
At 1 January 2020	721,244	3,591,286	51,739	4,364,269
Additions	-	525,157	-	525,157
Disposals	-	(189,542)	-	(189,542)
Transfers between classes	-	51,739	(51,739)	-
At 31 December 2020	<u>721,244</u>	<u>3,978,640</u>	<u>-</u>	<u>4,699,884</u>
Depreciation				
At 1 January 2020	436,442	3,072,037	-	3,508,479
Charge for the year on owned assets	84,188	259,649	-	343,837
At 31 December 2020	<u>520,630</u>	<u>3,331,686</u>	<u>-</u>	<u>3,852,316</u>
Net book value				
At 31 December 2020	<u>200,614</u>	<u>646,954</u>	<u>-</u>	<u>847,568</u>
At 31 December 2019	<u>284,802</u>	<u>519,249</u>	<u>51,739</u>	<u>855,790</u>

AERO METALS ALLIANCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Plant and machinery £	Total £
Cost or valuation			
At 1 January 2020	11,332	8,702	20,034
Additions	-	18,742	18,742
At 31 December 2020	<u>11,332</u>	<u>27,444</u>	<u>38,776</u>
Depreciation			
At 1 January 2020	5,666	6,698	12,364
Charge for the year on owned assets	2,267	1,379	3,646
At 31 December 2020	<u>7,933</u>	<u>8,077</u>	<u>16,010</u>
Net book value			
At 31 December 2020	<u>3,399</u>	<u>19,367</u>	<u>22,766</u>
At 31 December 2019	<u>5,666</u>	<u>2,004</u>	<u>7,670</u>

AERO METALS ALLIANCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2020	24,500,000
At 31 December 2020	24,500,000
Impairment	
At 1 January 2020	22,108,245
Charge for the period	2,103,295
At 31 December 2020	24,211,540
Net book value	
At 31 December 2020	288,460
At 31 December 2019	2,391,755

An impairment charge of £2,103,295 (2019: £1,050,397) has been recognised in the parent company profit and loss account against the investments in subsidiary companies due to the deficiency in the net assets.

AERO METALS ALLIANCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Willsons Limited	Ordinary	100%
Gould Alloys Limited	Ordinary	100%

The registered office of the above entities is Parkway House Unit 6, Parkway Industrial Estate, Pacific Avenue, Wednesbury, West Midlands, WS10 7WP,

15. Stocks

	Group 2020 £	Group 2019 £
Finished goods and goods for resale	<u>20,578,777</u>	<u>18,583,227</u>

A provision of £5,598,746 (2019: £3,407,665) has been recognised against the stock balance due to slow moving and obsolete stock. The net increase of the provision of £2,191,081 (2019: decrease of £190,409) has been recognised in the profit and loss account.

16. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	7,072,548	12,488,665	173,862	206,164
Amounts owed by group undertakings	-	-	21,740,935	18,070,589
Other debtors	25,261	682,122	-	-
Prepayments and accrued income	479,069	601,696	46,120	128,013
Deferred taxation	402,560	267,222	-	-
	<u>7,979,438</u>	<u>14,039,705</u>	<u>21,960,917</u>	<u>18,404,766</u>

AERO METALS ALLIANCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Other loans	2,171,257	4,712,217	-	-
Trade creditors	4,570,081	7,835,807	103,676	34,357
Amounts owed to group undertakings	26,862,375	21,012,266	26,862,375	21,012,266
Other taxation and social security	526,410	116,208	14,259	40,297
Other creditors	162,026	290,508	124,669	143,894
Accruals and deferred income	845,906	709,122	10,016	473,243
	<u>35,138,055</u>	<u>34,676,128</u>	<u>27,114,995</u>	<u>21,704,057</u>

The amounts owed to group undertakings are unsecured and incur interest at the rate of 2.5% above the Bank of England base rate. The balance is repayable on demand.

The bank borrowings under creditors falling due within one year relate to the invoice discounting facility provided by Lloyds Bank Commercial Finance Limited and are secured against the associated trade debtors balance and by fixed and floating charges against the assets of the Group.

18. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>7,500,369</u>	<u>2,198,009</u>	<u>21,914,797</u>	<u>18,276,753</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(34,611,645)</u>	<u>(34,416,026)</u>	<u>(26,976,067)</u>	<u>(21,519,866)</u>

Financial assets measured at fair value through profit or loss comprise trade debtors, other debtors and amounts owed from group undertakings.

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

AERO METALS ALLIANCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

19. Deferred taxation

Group

	2020 £
At beginning of year	267,222
Credited in year	135,338
At end of year	402,560

	Group 2020 £	Group 2019 £
Accelerated capital allowances	402,560	267,222
	402,560	267,222

20. Provisions

Group

	Dilapidation provision £
At 1 January 2020	162,232
Charged to profit or loss	44,365
At 31 December 2020	206,597

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

21. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
25,000,000 (2019 - 25,000,000) Ordinary shares shares of £1.00 each	25,000,000	25,000,000

Ordinary shares have full rights with regards to voting, participation and dividends.

AERO METALS ALLIANCE UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

22. Contingent liabilities

The Company is party to a group banking facility, including a cross guarantee, which has been advanced to the group of companies headed by Aero Metals Alliance UK 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 2020 was £2,171,257 (2019: £4,170,761).

There are no other contingent liabilities at 31 December 2020 or at 31 December 2019.

23. Pension commitments

The Group participates in a defined contribution pension scheme for the benefit of enrolling UK employees. Amounts outstanding at the year end were £Nil (2019: £Nil).

24. Commitments under operating leases

At 31 December 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Not later than 1 year	1,089,710	1,199,682	26,231	22,960
Later than 1 year and not later than 5 years	4,052,083	3,490,610	-	26,231
Later than 5 years	5,188,483	5,351,500	-	-
	10,330,276	10,041,792	26,231	49,191

25. Related party transactions

During the year the Group incurred fees from companies that are connected by virtue of common control of £264,385 (2019: £432,098). At the year end £Nil (2019: £Nil) was outstanding.

Compensation paid to key management personnel who are also directors is considered to relate to the directors remuneration as disclosed within the notes to the financial statements.

26. Controlling party

The immediate and ultimate parent company and controlling party is Aero Metals Alliance, Inc. a company registered in the USA.