Co-House

Company Number: 01517971

ELG Metals UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2023

Registered Office

Templeborough Works
Sheffield Road
Sheffield
S9 1RT

Directors

A R Dodd
N P Stretton
M J Tighe
J G Van Leeuwen

Company Secretary

L C Horvath

Auditors

Hawsons Chartered Accountants
Pegasus House
463a Glossop Road
Sheffield
S10 2QD

Bankers

Barclays Bank plc
Arena Court
Sheffield
S9 2WU

Commerzbank AG
Kaiserstrasse 16
60311 Frankfurt am Main
Germany

Solicitors

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The directors present their strategic report on the company for the year ended 31 December 2023.

Review of the business

The principal activity of the company continued to be that of metal trading. The results for the year are detailed in the financial statements.

Business Environment

The 2023 financial year continued to be marked by a global economic recovery from the COVID-19 pandemic, Russia's invasion of Ukraine and the rise in inflation, and thus the cost of living, in 2022. At the same time, the global economy proved to be surprisingly resilient. According to the International Monetary Fund (IMF), global economic growth (GDP) grew by +3.1 percent in 2023 (previous year: +3.5 percent), which is significantly more than forecast at the beginning of the year (+2.9 percent). Growth was driven again by the United States, which exceeded expectations in the second half of the year thanks to government subsidies, but also by the positive development in the emerging markets. In the euro area, the increasing momentum was not noticeable. Weak consumer sentiment, the lingering impact of high energy prices and weakness in interest-rate-sensitive investment resulted in the significantly subdued growth.

The stainless steel scrap sector, which is dependent on the development of stainless-steel demand and production, benefited from the growth of the global economy. The global production volume in the stainless-steel market segment increased by almost +5 percent and increased from around 57 million tonnes in the previous year to 59 million tonnes in 2023. However, the growth did not take place in the markets relevant to ELG. High energy prices and significantly higher inflation resulting from the Russia-Ukraine conflict had a negative impact on production in the European segment. As a result, the annual production volume fell by a further 5 percent to around 6.2 million tonnes. The US market segment experienced a similar downturn. The production volume here was around 1.8 million tonnes (previous year: 2.0 million tonnes).

Future Outlook

The company maintains a leading position as a strong supplier of Stainless Steel production in the UK whilst also maintaining strong partnerships throughout Europe and the rest of the world, mitigating regional production fluctuation risks. Demand around the globe for quality raw materials is expected to continue throughout 2024 as stainless steel continues to be a growth material.

Global geopolitical issues continue to present some business volatility, specifically commodity pricing and foreign exchange.

The ongoing potential for volatility in the cost of energy, particularly in Europe, presents some level of risk to production at stainless steel mills operating very energy-intensive plant. This in turn presents a risk to the demand in scrap metal for melting.

Management continues to work closely with the British Metals Recycling Association in Huntingdon and EuRIC in Brussels, engaging with governments and other stakeholders to minimise the ever-increasing burden of legislation and policy within our industrial sector in Europe.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks affecting the company are considered to be:

- Market volatility – the company's move in the year to a short-term fixed pricing structure mitigates the risk as much as is practicable;
- Environmental issues, especially radiation risks;
- Health and safety issues;
- The ongoing conflict in Ukraine
- Potential volatility in European energy costs

As part of its management control, the Board formally reviews business risks. Furthermore, an external BSI audit of management systems is performed each year as part of the company's ISO 9001 accreditation, as well as internal audits at regular intervals by the parent company.

Key performance indicators ("KPIs")

The Board monitors progress on the company's strategy by reference to three KPIs. Performance during the year, together with historical trend data, is as follows:

	2023	2022	2021
	%	%	%
Growth/(decline) in turnover	(20)	16	45
Growth/(decline) in sales volumes (tonnage)	1	(13)	5
Gross profit margin	6.9	4.1	6.6

Duty to promote the success of the company – Section 172 statement

As directors of the company, we are committed to promoting the success of the company whilst considering the interests of all stakeholders. Our primary objective is to create long-term value for shareholders, whilst also taking into account the needs of our employees, customers, suppliers, the environment and the communities in which we operate, as follows:

- *the likely consequences of any decision in the long term*
  We strive to deliver sustainable financial performance and maximise shareholder returns over the long term. This involves making informed decisions that enhance profitability, increase shareholder value, and maintain investor confidence. Strategic planning is conducted to identify long term goals and objectives to further enhance future performance. This process involves analysing potential future trends within our industry.

- *the interests of the company's employees*
  We recognise our employees as our number one asset. Therefore, the health and safety of our employees is always our number one priority. We are committed to providing a safe, inclusive, and rewarding work environment. We promote employee well-being, professional development, and opportunities for advancement, fostering a culture of engagement and empowerment. Our accredited ISO 45001 Health & Safety Management System helps us continuously improve our performance and make our working environment safer. We regularly consult with our employees, to help us understand and meet their needs and expectations, as well as seeking initiatives to help us further improve.

  A positive-wellbeing culture in the workplace is achieved by continually promoting mental health and wellbeing awareness. Training and information is provided to employees on a regular basis, to help improve their wellbeing and mental health.

Duty to promote the success of the company – Section 172 statement (continued)

- *the need to foster the company's business relationships with suppliers, customers, and others*
We are dedicated to meeting the needs of our customers by delivering high-quality product and service. We prioritise customer satisfaction, reliability, and innovation, striving to build lasting relationships based on trust and mutual benefit. Our accredited ISO 9001 Quality Management System ensures we have the systems in place to monitor and improve our performance. We value our relationship with our suppliers and seek to maintain fair and transparent business practices. We work collaboratively with our suppliers to ensure product quality, sustainability, and cost effectiveness while upholding ethical standards and promoting responsible sourcing. We communicate as required with other interested parties, to enable us to enhance our existing relationships.

- *the impact of the company's operations on the community and the environment*
As a stainless steel recycling company, we are committed to minimising our environmental impact and promoting sustainability throughout our operations. We implement best practices for waste reduction, energy efficiency and resource conservation, aiming to contribute positively to environmental stewardship and combat climate change. The recycling of metals reduces the need to mine for raw materials. We contribute to group savings of several million tonnes of CO2 emissions every year.

  As part of our ISO 14001 Environmental Management System, we identify our environmental aspects and impacts. These aspects are then suitably controlled and managed to prevent harm to our environment. Our accredited Management System enables us to continuously improve our environment performance, further enhancing our impact on the environment.

  We recognise our responsibility to the communities in which we operate and endeavour to be a good corporate citizen. We support local initiatives, charitable organisations, and community development projects, striving to make a meaningful and positive impact on society.

- *the desirability of the company maintaining a reputation for high standards of business conduct*
The Aperam Code of Conduct is communicated to all employees. This policy details the conduct required form all employees. Regular training is provided to employees to further develop their understanding of the Code of Conduct. Potential new suppliers and customers are assessed to ensure they meet our business conduct requirements. Any that do not meet our minimum standard are rejected. We actively encourage our employees to report any concerns where they believe individuals, or the company, are not meeting the expected standard of conduct. Our whistleblowing policy allows employees to report such concerns in confidence and anonymously.

- *the need to act fairly between members of the company*
In fulfilling our duties under Section 172 of the Companies Act 2006, we regularly engage with stakeholders, assess their interests, and consider their perspectives in our decision-making processes. By balancing the needs of our stakeholders with the long-term interests of the company, we aim to sustainably grow our business and create value for all stakeholders involved.

Signed for and on behalf of the Board by:

M. C. Tighe

M J Tighe
Director

Date: 5/4/2024

The directors present their report together with the audited financial statements for the year ended 31 December 2023.

Directors

The directors of the company, who served during the year, were as follows:

A Dodd
N Stretton
M Tighe
J Van Leeuwen

Streamlined Energy & Carbon Reporting

As a large unquoted company, we are obliged to report our UK energy use and associated greenhouse gas ('GHG') emissions in the annual report.

In order to comply with Streamlined Energy & Carbon Reporting scheme, the company has engaged an energy specialist, Brownlow Utilities.

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

		Year ended 31 December 2023		Year ended 31 December 2022	
Energy		**kWh**	**KgCO2e**	**kWh**	**KgCO2e**
Electricity		1,053,595	218,172	1,230,923	238,036
Gas		44,322	9,051	45,699	9,244
Gas Oil		-	-	164,786	45,018
Transport	Diesel	158,595	40,304	102,185	26,191
	Petrol	170,147	39,808	227,315	54,467
Diesel for plant and equipment		3,303,191	888,661	3,063,271	785,147
Total Energy Consumption		**4,729,850**	**1,195,996**	**4,834,178**	**1,158,102**
Total Sales Tonnage		**89,923**		**88,003**	
Group Intensity Ratio (KgCO2e per Sales Tonnage (t))		**13.30**		**13.16**	

Key Performance Indicator	**Unit**	**Year ended 31 December 2023**	**Year ended 31 December 2022**	**Variance**
Direct (Scope 1) CO2 emissions	KgCO2e	977,823	920,066	6%
Indirect (Scope 2) CO2 emissions	KgCO2e	218,172	238,036	-8%
Energy consumption	kWh	4,729,850	4,834,178	-2%
Total KgCO2e emissions	KgCO2e	1,195,996	1,158,102	3%
Total Sales Tonnage	t	89,923	88,003	2%
Group Intensity Ratio (KgCO2e per Sales Tonnage (t))		**13.30**	**13.16**	**1%**

Streamlined Energy & Carbon Reporting (continued)

Principal measures taken
During the year, the energy efficiency actions taken by the company included purchasing an electric forklift truck for the warehouse in Sheffield, installing LED lights in the warehouse and fitting timers to some of the yard lights. Also, further electric and hybrid cars were purchased as company cars.

The company stopped using gas oil in April 2022 due to government restrictions. This was replaced by diesel.

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

Conversion Factors*	Unit	Conversion Method
Electricity (UK Electricity) (kWh)	kWh to KgCO2e	x 0.2071
Gas (Natural Gas) (kWh Net CV)	kWh to KgCO2e	x 0.2027
Diesel (litres) (Net CV)	Litres to kWh	Total Diesel litres x 9.885
Diesel (litres) (Net CV)	Litres to KgCO2e	Total Diesel litres x 2.5121
Petrol (litres) (Net CV)	Litres to kWh	Total Petrol litres x 8.965
Petrol (litres) (Net CV)	Litres to KgCO2e	Total Petrol litres x 2.0975

*UK GOV Greenhouse gas reporting: conversion factors 2023

Dividends

No dividends have been paid or declared in the year.

Directors' liabilities

The company has made qualifying third-party indemnity provisions for the benefits of its directors which were made during the year and remain in force at the date of this report.

Statement of disclosure of information to auditors

The directors of the company who held office at the date of approval of this Annual Report, as set out above, each confirm that:

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The Auditors, Hawsons Chartered Accountants, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By Order of the Board:

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M J Tighe
Director

Date: 5/4/2024

The directors are responsible for preparing the Annual Report and 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 UK adopted international accounting standards. 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK adopted international 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for the safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Opinion

We have audited the financial statements of ELG Metals UK Ltd (the 'company') for the year ended 31 December 2023, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and 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.

Matters on which we are required to report by exception
In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the 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, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

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

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

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

Audit procedures performed by the engagement team included:

- Discussions with management and those responsible for legal compliance procedures within the company to obtain an understanding of the legal and regulatory framework applicable to the company and how the company complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

- Reviewing minutes of Board meetings;

- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;

- Obtaining confirmation from the company's solicitors of matters referred to them;

- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of the IAS19 defined benefit pension asset and the discounted cashflows used to assess goodwill impairment;

- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor's-responsibilities-for.

This description forms part of our auditor's report.

Use of our report

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

Hawsons
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Craig Burton (Senior Statutory Auditor)
for and on behalf of Hawsons Chartered Accountants,
Statutory Auditor

Pegasus House
463a Glossop Road
Sheffield
S10 2QD

Date: 11 April 2024

	Note	**2023** **£**	2022 £
Revenue	2	131,789,021	164,529,647
Cost of sales		(122,745,494)	(157,839,614)
Gross profit		9,043,527	6,690,033
Administrative expenses		(6,683,991)	(5,170,085)
Other operating income		206,597	57,145
Operating profit		2,566,133	1,577,093
Finance costs	6	(3,221,229)	(1,950,778)
(Loss)/profit before income tax		(655,096)	(373,685)
Income tax	7	129,500	(60,702)
(Loss)/profit for the year	3	(525,596)	(434,387)
Attributable to:			
Equity holders of the company		(525,596)	(434,387)

All amounts relate to continuing operations.

Statement of Comprehensive Income

for the year ended 31 December 2023

	Note	2023 £	2022 £
(Loss)/profit for the year		(525,596)	(434,387)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations		927,750	(1,470,000)
Other comprehensive income for the year, net of tax	7	927,750	(1,470,000)
Total comprehensive income for the year		402,154	(1,904,387)
Attributable to:			
Equity holders of the company		402,154	(1,904,387)

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 7.

Balance Sheet

as at 31 December 2023

	Note	2023 £	2022 £
Non-current assets			
Intangible assets	8	11,786,858	11,786,899
Property, plant and equipment	9	7,752,900	8,053,500
Right-of-use assets	10	228,233	367,679
Deferred income tax asset	16	704,250	884,000
Retirement benefit asset	21	3,843,000	1,898,000
		24,315,241	22,990,078
Current assets			
Inventories	11	23,688,030	22,826,503
Trade and other receivables	12	15,657,528	11,943,647
Derivative financial instruments	24	1,349	232,584
		39,346,907	35,002,734
Total assets		63,662,148	57,992,812
Equity			
Share capital	17	5,100,000	5,100,000
Retained earnings	18	9,184,817	8,782,663
Total equity		14,284,817	13,882,663
Current liabilities			
Trade and other payables	15	49,118,214	41,504,555
Lease liabilities	20	115,348	178,023
Bank overdraft	13	19,841	2,092,343
Derivative financial instruments	24	5,866	143,786
		49,259,269	43,918,707
Non-current liabilities			
Lease liabilities	20	118,062	191,442
Total liabilities		49,377,331	44,110,149
Total equity and liabilities		63,662,148	57,992,812

The financial statements were approved and authorised for issue by the board of directors on 5/4/2024
and were signed on its behalf by:

M.C.T

M J Tighe
Director

The notes on pages 16 to 38 form part of these financial statements

Attributable to equity holders of the company

	Share Capital £	**Retained Earnings £**	**Total £**
At 1 January 2022	5,100,000	10,687,050	15,787,050
Profit for the year	-	(434,387)	(434,387)
Other comprehensive income for the year	-	(1,470,000)	(1,470,000)
Total comprehensive income for the year	-	(1,904,387)	(1,904,387)
At 31 December 2022	5,100,000	8,782,663	13,882,663
(Loss) for the year	-	(525,596)	(525,596)
Other comprehensive income for the year	-	927,750	927,750
Total comprehensive income for the year	-	402,154	402,154
At 31 December 2023	5,100,000	9,184,817	14,284,817

	Note	**2023** £	2022 £
Net cash (used in)/generated from operating activities	19	(6,538,200)	14,277,730
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		54,000	16,000
Purchases of property, plant and equipment		(432,166)	(327,103)
Net cash (used in)/generated from investing activities		(378,166)	(311,103)
Cash flows from financing activities			
Net proceeds from/(repayment of) group borrowings		9,183,224	(11,172,835)
Lease payments		(194,356)	(255,222)
Net cash generated from/(used in) financing activities		8,988,868	(11,428,057)
Net increase/(decrease) in cash and cash equivalents		2,072,502	2,538,570
Cash and cash equivalents at 1 January 2023	13	(2,092,343)	(4,630,913)
Cash and cash equivalents at 31 December 2023	13	(19,841)	(2,092,343)

1. Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with UK adopted international accounting standards and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

Going Concern

After due consideration of all relevant factors, including the support of the parent company demonstrated in the past, the directors consider that the company will continue to operate within the financial facilities available, and that it is appropriate to prepare the financial statements on a going concern basis.

Revenue Recognition

Revenue represents amounts receivable for goods supplied and services provided in the normal course of business, excluding VAT and trade discounts.

Sales of goods are recognised when control of the goods has passed to the customer. In the case of UK sales, this is when goods are delivered to the customer. In the case of overseas sales, this is when the shipping documents are passed to the customer.

Intangible Assets

(a) *Goodwill*

Goodwill is the difference between the fair value of consideration paid for the trade and assets of a business and the aggregate of the fair value of those assets.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

(b) *Software*

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over an average estimated useful life of three years. Any amortisation charge is included within administrative expenses.

1. **Significant Accounting Policies – cont'd.**

Property, Plant and Equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any recognised impairment loss.

The cost of property, plant and equipment is purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated to write down the cost, less estimated residual values, of all tangible fixed assets, other than freehold land, over their estimated economic lives. The rates generally applicable are:

Freehold buildings	4% straight line
Plant and equipment	12.5% straight line
Motor vehicles	20% straight line
Fixtures and fittings	10%/33.3% straight line

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at year end exchange rates. These differences on exchange are dealt with through the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of scrap is determined by average cost and a review is undertaken periodically to ensure average cost approximates to actual cost. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade receivables are derecognised when the company transfers the receivable, and substantially all the risks and rewards of ownership of the receivable, to a third party under debt factoring arrangements.

1. Significant Accounting Policies – cont'd.

Bank borrowings

Interest-bearing bank overdrafts and debt factoring agreements are recorded at the proceeds received. Finance and factoring charges are taken to the income statement, analysed between interest and charges, in the period that they are incurred.

Trade payables

Trade payables are non-interest-bearing and are stated at their nominal value.

Employee benefits

The company operates a defined benefit pension scheme for the benefit of certain employees, the assets of which are held separately from those of the company in independently administered funds. The scheme is funded by contributions from the company at rates determined by an independent actuary.

The asset or liability recognised in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in income.

The company also operates defined contribution pension arrangements for staff. The costs relating to these are charged to the income statement as they fall due.

The company provides no other post-retirement benefits to its employees.

Taxation

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantially enacted at the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided using the balance sheet liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. The company has not adopted a policy of discounting deferred tax assets and liabilities.

1. **Significant Accounting Policies – cont'd.**

Derivatives

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and nickel prices. The company uses foreign exchange forward contracts and forward nickel contracts to hedge these exposures. The company does not use derivative financial instruments for speculative purposes.

Changes in the fair value of derivatives are recognised in the income statement as they arise.

Leases

Leases are accounted for in accordance with IFRS 16. All leases are accounted for by recognising a right-of-use asset and a lease liability, except for leases of low value assets and leases with a duration of twelve months or less, which are accounted for by recognising the lease payments as an expense on a straight-line basis.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the incremental borrowing rate on commencement of the lease is used.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease, any initial direct costs incurred and the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

Judgements and key assumptions

The preparation of financial statements in conformity with UK adopted international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are the annual review of goodwill impairment and the accounting for the defined benefit pension obligation.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impact of Standards and Interpretations in issue but not yet effective and not early adopted by the company

The company has not adopted early any new standards, amendments to existing standards or interpretations that have been issued but are not yet effective.

A review of the impact of new standards, amendments to existing standards and interpretations in issue but not yet effective is ongoing. At this stage, the directors do not expect that the adoption of standards or interpretations that are not yet effective will have a material impact on the financial statements of the company in future periods.

2. Revenue

The revenue and profit or loss before tax is wholly attributable to the principal activities of the company.

Revenue relates wholly to the sale of goods.

The geographical analysis of revenue is as follows:	**2023** **£**	2022 £
United Kingdom	110,101,359	124,625,060
Rest of Europe	9,320,155	32,150,943
Rest of the World	12,367,507	7,753,644
	131,789,021	164,529,647

3. (Loss)/profit for the year

(Loss)/profit for the year has been arrived at after charging / (crediting):	**2023** **£**	2022 £
Depreciation of property, plant and equipment	732,764	787,028
Depreciation of right-of-use assets	190,505	246,306
(Gain)/loss on disposal of property, plant and equipment	(53,998)	(15,999)
Amortisation of other intangible assets included in administrative expenses	41	708
Fair value loss/(gain) on derivatives	93,315	(1,002,161)
Foreign exchange loss/(gain)	86,244	4,555,987
Staff costs (note 5)	3,994,131	3,891,007
Write down of inventories recognised as an expense	111,128	254,617
Cost of inventories recognised as an expense	116,514,858	151,228,661

4. Auditors' remuneration

During the year, the company obtained the following services from the company's auditor:

	2023 **£**	2022 £
Fees payable to the auditor for the audit of the company's annual accounts	52,500	50,000
Fees payable to the auditor for other services:		
- Taxation compliance services	11,000	10,250
- All other non-audit services	1,350	4,000
	64,850	64,250

Fees in respect of the ELG Haniel Metals Ltd Pension and Assurance Scheme:

Audit	12,500	11,500

5. Staff costs

Staff costs during the year were as follows:	**2023** £	2022 £
Wages and salaries	3,199,362	3,068,043
Social security costs	342,302	315,489
Pension costs – defined benefit plans (note 21)	(108,000)	(62,000)
Pension costs – defined contribution plans (note 21)	555,495	524,037
Other post-employment benefits	4,972	45,438
	3,994,131	3,891,007

The average monthly number of employees, including directors, during the year was as follows:	**2023 Number**	2022 Number
Production	53	52
Selling and distribution	27	32
	80	84

6. Finance costs

	2023 £	2022 £
Interest on group loans	3,177,356	1,809,053
Bank interest	36,630	130,536
Interest on lease liabilities	7,243	11,189
Total finance costs	3,221,229	1,950,778

7. Income tax

	2023 £	2022 £
Current tax		
Group relief credit	-	(410,298)
Deferred tax		
Origination and reversal of timing differences	(129,500)	471,000
Total income tax (credit)/expense	(129,500)	60,702

Reconciliation of tax expense/(credit)	**2023** £	2022 £
Profit/(loss) before tax	(655,096)	(373,685)
Tax at the effective UK corporation tax rate of 23.5% (2022 - 19%)	(153,948)	(71,000)
Effects of:		
Expenses not deductible for tax purposes	37,290	20,390
Change in rate at which deferred tax is calculated	(7,446)	(15,982)
Adjustment in respect of prior year	-	129,567
Other differences	(5,396)	(2,273)
Tax (credit)/expense	(129,500)	60,702

The tax (charge)/credit relating to components of other comprehensive income is as follows:

2023	**Before tax** £	**Deferred tax (charge)/ credit** £	**After tax** £
Remeasurement of post-employment benefit liabilities	1,237,000	(309,250)	927,750

2022	**Before tax** £	**Deferred tax (charge)/ credit** £	**After tax** £
Remeasurement of post-employment benefit liabilities	(1,960,000)	490,000	(1,470,000)

8. **Intangible assets**

	Goodwill £	Software £	Total £
Cost			
At 1 January 2022	11,896,850	146,049	12,042,899
Additions	-	-	-
At 1 January 2023	11,896,850	146,049	12,042,899
Additions	-	-	-
At 31 December 2023	11,896,850	146,049	12,042,899
Amortisation and impairment			
At 1 January 2022	110,000	145,292	255,292
Charge for the year	-	708	708
At 1 January 2023	110,000	146,000	256,000
Charge for the year	-	41	41
At 31 December 2023	110,000	146,041	256,041
Carrying amounts			
At 31 December 2023	11,786,850	8	11,786,858
At 31 December 2022	11,786,850	49	11,786,899

8. Intangible assets - cont'd

Impairment tests for Goodwill

Goodwill is allocated to the company's cash-generating units (CGUs) as follows:

	2023	2022
	£	£
Yards	11,786,850	11,786,850

The recoverable amount of a CGU is determined based upon value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The value-in-use calculations indicated that the recoverable amount of the CGU exceeded the carrying value by £5.8m. As a result, no impairment has been recognised in respect of the carrying value of goodwill in the year.

The key assumptions used for value-in-use calculations are as follows:

Prime margin	10.6%
Growth rate	2.6%
Discount rate	8.2%

Management determined budgeted prime margin based on past performance and its expectations of market development. The weighted average growth rates are consistent with forecasts. The discount rates used are pre-tax and reflect specific risks relating to the CGU.

A reduction in the assumed prime margin from 10.6% to 10.3% would cause the recoverable amount of the CGU to be equal to its carrying value.

A reduction in the assumed growth rate from 2.6% to 1.85% would cause the recoverable amount of the CGU to be equal to its carrying value.

9. Property, Plant and Equipment

	Freehold land and buildings	Plant and machinery	Vehicles and equipment	Total
Cost	£	£	£	£
At 1 January 2022	10,130,529	9,826,300	1,217,581	21,174,410
Additions	122,064	194,832	10,207	327,103
Disposals	-	(141,732)	-	(141,732)
Transfers between asset classes	132,657	(132,657)	-	-
At 1 January 2023	10,385,250	9,746,743	1,227,788	21,359,781
Additions	-	258,021	174,145	432,166
Disposals	-	(102,783)	(106,119)	(208,902)
At 31 December 2023	10,385,250	9,901,981	1,295,814	21,583,045
Accumulated Depreciation				
At 1 January 2022	4,385,923	7,226,152	1,048,909	12,660,984
Charge for the year	268,563	435,653	82,812	787,028
Eliminated on disposal	-	(141,731)	-	(141,731)
Transfers between asset classes	814	(814)	-	-
At 1 January 2023	4,655,300	7,519,260	1,131,721	13,306,281
Charge for the year	256,832	394,299	81,633	732,764
Eliminated on disposal	-	(102,782)	(106,118)	(208,900)
At 31 December 2023	4,912,132	7,810,777	1,107,236	13,830,145
Carrying amounts				
At 31 December 2023	5,473,118	2,091,204	188,578	7,752,900
At 31 December 2022	5,729,950	2,227,483	96,067	8,053,500

10. **Right-of-use assets**

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 January 2022	720,489	174,886	895,375
Additions	168,030	10,069	178,099
Disposals	(138,968)	(32,151)	(171,119)
At 1 January 2023	749,551	152,804	902,355
Additions	60,725	-	60,725
Disposals	(194,763)	(76,204)	(270,967)
At 31 December 2023	615,513	76,600	692,113
Accumulated Depreciation			
At 1 January 2022	383,150	76,339	459,489
Charge for the year	195,126	51,180	246,306
Disposals	(138,968)	(32,151)	(171,119)
At 1 January 2023	439,308	95,368	534,676
Charge for the year	154,530	35,975	190,505
Disposals	(194,763)	(66,538)	(261,301)
At 31 December 2023	399,075	64,805	463,880
Carrying amounts			
At 31 December 2023	216,438	11,795	228,233
At 31 December 2022	310,243	57,436	367,679

11. Inventories

	2023	2022
	£	£
Raw materials	23,688,030	22,826,503

12. Trade and other receivables

	2023	2022
	£	£
Trade receivables	14,754,412	6,863,346
Other receivables	390,607	947,015
Amounts due from group undertakings	159,335	3,897,834
Prepayments and accrued income	353,174	235,452
	15,657,528	11,943,647

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

13. Cash and cash equivalents

	2023	2022
	£	£
Bank overdrafts	(19,841)	(2,092,343)
Cash and cash equivalents in the statement of cash flows	(19,841)	(2,092,343)

The fair value of the company's borrowings is not considered to be materially different from the carrying amounts.

14. **Credit risk**

The company's principal financial assets are bank balances and cash, and trade and other receivables which represent the company's maximum exposure to credit risk in relation to financial assets.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented on the balance sheet are net of allowances for doubtful receivables, estimated by the company's management, based upon prior experience and their assessment of the current economic environment. Credit risk in respect of trade receivables is minimised by the company fully insuring its trade receivables. Expected credit losses are therefore immaterial.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

15. **Trade and other payables**	**2023**	2022
	£	£
Trade payables	6,977,592	9,050,897
Amounts due to group undertakings	41,682,550	31,805,818
Other tax and social security	87,197	75,362
Other creditors	60,653	57,530
Accrued expenses	310,222	514,948
	49,118,214	41,504,555

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

Amounts due to group undertakings includes loans of £39,666,003 (2022 - £30,563,318). Further details are disclosed in note 22.

16. Deferred income tax

The following are the deferred tax assets/(liabilities) recognised by the company and movements thereon during the current and prior year:

	Depreciation in excess of capital allowances £	Retirement benefit obligation £	Losses £	Corporate interest restriction £	Total £
At 1 January 2022	485,000	(800,000)	1,180,000	-	865,000
Credit/(charge) to income statement	(176,500)	(164,500)	(130,000)	-	(471,000)
Credit/(charge) to other comprehensive income	-	490,000	-	-	490,000
At 1 January 2023	308,500	(474,500)	1,050,000	-	884,000
Credit/(charge) to income statement	(178,500)	(177,000)	185,000	300,000	129,500
Credit/(charge) to other comprehensive income	-	(309,250)	-	-	(309,250)
At 31 December 2023	130,000	(960,750)	1,235,000	300,000	704,250

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2023 **£**	2022 £
Deferred tax assets	704,250	884,000

At the balance sheet date, the company has unused tax losses of £4,939,506 (2022 - £4,226,640) available for offset against future profits. A deferred tax asset has been recognised in respect of such losses on the basis of future profits being forecast by the company.

Deferred tax is calculated using a tax rate of 25%.

17. Share capital

Allotted, called up and fully paid

	2023 £	2022 £
4,800,000 'A' ordinary shares of £1 each	4,800,000	4,800,000
300,000 'B' ordinary shares of £1 each	300,000	300,000
	5,100,000	5,100,000

The 'A' ordinary shares and the 'B' ordinary shares rank pari passu in all respects.

18. Retained earnings

Included within retained earnings is an amount of £11,786,850 (2022 - £11,786,850) that represents unrealised profits.

19. Note to the statement of cash flows

	2023 £	2022 £
(Loss)/profit for the year	(525,596)	(434,387)
Adjustments for:		
Finance costs	3,221,229	1,950,778
Income tax (credit)/expense	(129,500)	60,702
Fair value loss/(gain) on derivatives	93,315	(1,002,161)
Foreign exchange (gains)/losses	(80,539)	4,125,213
Depreciation of property, plant and equipment	732,764	787,028
Depreciation of right-of-use assets	190,505	246,306
(Gain)/loss on disposal of property, plant and equipment	(53,998)	(15,999)
Amortisation of other intangible assets	41	708
Adjustment for pension funding	(708,000)	(662,000)
Operating cash flows before movements in working capital	2,740,221	5,056,188
(Increase)/decrease in inventories	(861,527)	3,484,162
(Increase/decrease in receivables	(3,713,881)	5,177,740
(Decrease)/increase in payables	(1,455,222)	2,060,127
Cash (used in)/generated from operations	(3,290,409)	15,778,217
Receipt for group relief losses	-	410,298
Interest paid	(3,247,791)	(1,910,785)
Net cash (used in)/generated from operating activities	(6,538,200)	14,277,730

20. Lease Arrangements

The company leases certain items of plant, equipment and vehicles.

Disclosure of the additions to right-of-use assets, the depreciation charge for right-of-use assets and the carrying amount of right-of-use assets at the balance sheet date by class of underlying asset is made in note 10.

The interest expense on lease liabilities is disclosed in note 6.

The total cash outflow for leases is disclosed in the Statement of Cash Flows on page 15.

Maturity analysis for lease liabilities	**2023**	2022
	£	£
Due within one year	115,348	178,023
Due after one year and within five years	118,062	191,442
	233,410	369,465

21. Retirement Benefit Schemes

Defined Benefit Scheme

The company is a party to the ELG Haniel Metals Ltd Pension & Assurance Scheme ("the scheme"). This is a defined benefit scheme providing benefits based on final pay and service at retirement. The scheme is operated under trust and its assets are invested independently of the company. As at 31 December 2023, the scheme is closed to future accrual and to new members.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out by S. Young, Fellow of the Institute of Actuaries, at 31 December 2023.

21. Retirement Benefit Schemes - cont'd

The amounts recognised in income in respect of the defined benefit scheme are as follows:

	2023	2022
	£	£
Net interest income	108,000	62,000
Components of defined benefit cost recognised in profit or loss within administrative expenses	108,000	62,000

The amounts recognised in other comprehensive income in respect of the defined benefit scheme are as follows:

	2023	2022
	£	£
The return on plan assets (excluding interest income)	567,000	(17,781,000)
Actuarial gains/(losses) from changes in demographic assumptions	1,506,000	55,000
Actuarial gains/(losses) from changes in financial assumptions	(638,000)	17,276,000
Actuarial gains/(losses) from experience adjustments	(198,000)	(1,510,000)
Remeasurement of the net defined benefit asset	1,237,000	(1,960,000)

The amount recognised in the balance sheet in respect of the defined benefit scheme is as follows:

	2023	2022
	£	£
Present value of defined benefit obligations	(26,318,000)	(27,504,000)
Fair value of scheme assets	30,161,000	29,402,000
Asset on the balance sheet	3,843,000	1,898,000

The movement during the year in the net defined benefit asset was as follows:

	2023	2022
	£	£
At start of year	1,898,000	3,196,000
Net interest income	108,000	62,000
Remeasurements	1,237,000	(1,960,000)
Employer contributions	600,000	600,000
At end of year	3,843,000	1,898,000

21. Retirement Benefit Schemes – cont'd

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2023 **£**	2022 £
At start of year	(27,504,000)	(43,654,000)
Interest expense	(1,317,000)	(754,000)
Benefits paid	1,833,000	1,083,000
Gain/(loss) from experience adjustment	(198,000)	(1,510,000)
Gain/(loss) from change in demographic assumptions	1,506,000	55,000
Gain/(loss) from change in financial assumptions	(638,000)	17,276,000
At end of year	(26,318,000)	(27,504,000)

Movements in the fair value of scheme assets in the current year were as follows:

	2023 **£**	2022 £
At start of year	29,402,000	46,850,000
Interest income on plan assets	1,425,000	816,000
The return on plan assets (excluding interest income)	567,000	(17,781,000)
Benefits paid	(1,833,000)	(1,083,000)
Total contributions	600,000	600,000
At end of year	30,161,000	29,402,000

The significant actuarial assumptions were as follows:

	2023	2022
Discount rate	4.75%	4.95%
Inflation (RPI/CPI)	3.1%/2.6%	3.2%/2.6%
Salary growth rate	2.6%	2.6%
Pension growth rate (max 5%)	2.9%	2.95%
Pension growth rate (max 2.5%)	1.95%	1.95%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in the UK. These assumptions translate into an average life expectancy in years for a pensioner retiring now at age 65 of:

	2023	2022
Male	21.7 years	22.8 years
Female	23.6 years	25.2 years

21. Retirement Benefit Schemes – cont'd

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	Decrease by 5.7%	Increase by 6.3%
Inflation rate	0.5%	Increase by 2.6%	Decrease by 2.6%
		Increase assumption by one year	Decrease assumption by one year
Life expectancy		Increase by 3.5%	Decrease by 3.5%

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension asset recognised within the balance sheet.

The assets in the scheme comprised:

	2023	2022
	£	£
Equities	1,576,000	1,930,000
Bonds	24,057,000	21,976,000
Property	535,000	674,000
Cash	362,000	482,000
Investment funds	2,789,000	3,501,000
Purchased annuities	842,000	839,000
	30,161,000	29,402,000

The average term of the defined benefit obligation is 16 years.

Expected contributions to the scheme for the year ending 31 December 2024 are £600,000.

The actual return on plan assets during the year was £1,992,000.

Defined contribution scheme

The company also operates defined contribution pension schemes for all eligible staff. The pension cost for the defined contribution schemes, which represents contributions payable by the company in the year, amounted to £555,495 (2022 - £524,037).

22. Related Party Transactions

Parent undertaking

The immediate parent undertaking is ELG GmbH, a company incorporated in Germany. The company's ultimate parent undertaking is Aperam S.A., a company incorporated in Luxembourg.

The largest and smallest group in which the results of the company are consolidated is that headed by Aperam S.A. The consolidated accounts of Aperam S.A. are available to the public and can be obtained from Aperam Investor Relations, 12C, rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg or alternatively from the website at www.aperam.com.

Transactions with related parties

During the year, the company entered into the following transactions with related parties:

Sales of goods to related parties:	**2023**	2022
	£	£
Fellow subsidiaries	10,766,839	3,490,311

Purchase of goods from related parties:	**2023**	2022
	£	£
Fellow subsidiaries	2,049,716	3,730,877

Purchase of services from related parties:	**2023**	2022
	£	£
Fellow subsidiaries	1,866,660	-

Amounts receivable from related parties:	**2023**	2022
	£	£
Fellow subsidiaries	159,335	3,897,834

Amounts payable to related parties:	**2023**	2022
	£	£
Parent undertaking	75,595	56,244
Fellow subsidiaries	1,940,952	1,186,256
	2,016,547	1,242,500

Loans from parent company:	**2023**	2022
	£	£
Due to parent company at start of year	30,563,318	37,610,941
Further loans received in year	88,111,077	86,962,546
Loans repaid in year	(78,927,853)	(98,135,382)
Exchange adjustments	(80,539)	4,125,213
	39,666,003	30,563,318

Loans from group undertakings are repayable on demand. Interest is charged on outstanding loans at an average rate of 7.35% (2022 – 5.21%) per annum. No provision has been made for doubtful debts in respect of the amounts owed by related parties.

22. Related Party Transactions – cont'd

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the company, is set out below in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures".

	2023	2022
	£	£
Short-term employee benefits	378,004	363,747
Post-employment benefits	50,184	47,021
	428,188	410,768

The disclosure of directors' remuneration in accordance with the Companies Act 2006 is as follows:

	2023	2022
	£	£
Emoluments (including benefits in kind)	336,371	321,176
Contributions to money purchase pension schemes	50,184	47,021
	386,555	368,197

Other director disclosures in respect of qualifying services:

	2023	2022
	Number	Number
The number of directors to whom retirement benefits are accruing under money purchase pension schemes	3	3

Highest paid director

	2023	2022
	£	£
Aggregate emoluments	124,618	122,110
Aggregate value of company contributions to money purchase schemes	15,618	14,620
	140,236	136,730

23. Financial instruments

The company's financial instruments are categorised as follows:

Financial assets

Measured at fair value through profit or loss - mandatorily

	2023	2022
	£	£
Derivatives (note 24)	1,349	232,584

Measured at amortised cost

	2023	2022
	£	£
Trade and other receivables (note 12)	15,145,019	7,810,361
Amounts due from group undertakings (note 12)	159,335	3,897,834
	15,304,354	11,708,195

Financial liabilities

Measured at fair value through profit or loss – held for trading

	2023	2022
	£	£
Derivatives (note 24)	5,866	143,786

Measured at amortised cost

	2023	2022
	£	£
Bank overdraft (note 13)	19,841	2,092,343
Trade and other payables (note 15)	7,125,442	9,183,789
Amounts due to group undertakings (note 15)	41,682,550	31,805,818
	48,827,833	43,081,950

Fair value measurements for derivatives, which are the only financial assets and financial liabilities measured at fair value through profit or loss, are categorised in their entirety within Level 1 of the IFRS 13 fair value hierarchy.

24. Derivative financial instruments

	2023 Assets £	**2023 Liabilities £**	2022 Assets £	2022 Liabilities £
Forward foreign exchange contracts	1,349	5,866	50,289	143,786
Forward commodity contracts	-	-	182,295	-
	1,349	5,866	232,584	143,786

Currency derivatives

The company utilises currency derivatives to hedge significant future transactions and cash flows. The company is a party to foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the company's principal markets.

25. Capital commitments

As at 31 December 2023 the company had contracted to purchase plant and machinery amounting to £nil (2022 - £326,678).