Registered number:
02023155

AMARI METALS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

COMPANY INFORMATION

Directors	R W Colburn S A Hussey A Roberts C Meredith
Company secretary	M Hale
Registered number	02023155
Registered office	Parkway House Unit 6 Parkway Industrial Estate Pacific Avenue Wednesbury WS10 7WP
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activities

The principal activity of the group during the year was metal stockholding and the principal activity of this company was to act as a holding company.

The subsidiary undertakings principally affecting the profits or net assets of the group during the year are listed in note 16 to the financial statements.

Business review and future development

The profit for the year, after taxation, amounted to £12,821,343 (2016: £10,496,651). A dividend of £2,000,000 (2016: £Nil) was paid.

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 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 £533.1 million (2016: £480.1 million)
- Profit before tax £16.1 million (2016: £13.2 million)
- Net assets £80.2 million (2016: £65.3 million)
- Average number of employees decreased from 1,696 to 1,645

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

The statement of comprehensive income includes an FRS102 adjustment relating to the defined benefit pension scheme deficit, calculated by the scheme actuary. The net movement on the defined benefit pension scheme deficit for the year is a reduction in the deficit of £6.3m, details of which are contained within note 27 to the financial statements.

Subsequent to the year end two subsidiaries, Righton Limited and Blackburns Metals Limited, announced but not commenced plans to merge. This is for strategic purposes but at the date of issue of these financial statements an estimate of its financial effect cannot be made.

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, the Pension Protection Levy and Apprenticeship Levy; both of 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.

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

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

Going concern

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

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

A Roberts
Director

Date: 28 September 2018

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

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

Results and dividends

The profit for the year, after taxation, amounted to £12,821,343 (2016: £10,496,651).

The directors have paid a dividend of £2,000,000 (2016: £Nil).

Directors

The directors who served during the year were:

R W Colburn
S A Hussey
A Roberts
C Meredith (appointed 6th March 2017)

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group 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 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 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.

Political contributions

The group did not make any donations during the year ended 31 December 2017 (2016: £Nil).

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

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.

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

Credit risk
The group's principal financial assets are cash and trade debtors. The credit risk associated with 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.

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 the employees as appropriate at the individual operating units.

Qualifying third party indemnity provisions

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

Provision of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the directors 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 and the group's auditor is aware of that information.

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

Auditor

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

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

A Roberts
Director

Date: 28 September 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMARI METALS LIMITED

Opinion

We have audited the financial statements of Amari Metals Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017, which comprise the consolidated statement of comprehensive income, the company and consolidated statement of financial position, consolidated and company statement of changes in equity, the consolidated 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 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 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Who we are reporting to

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMARI METALS 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.

Opinions 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.

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

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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AMARI METALS LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 financial statements.

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

Grant Thornton UK LLP

Steven Cenci FCA (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Reading

Date: 28/9/2018

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

	Note	Continuing operations 2017 £	Discontin'd operations 2017 £	Total 2017 £	Continuing operations 2016 £	Discontin'd operations 2016 £	Total 2016 £
Turnover	4	**533,077,054**	-	**533,077,054**	470,780,843	9,275,555	480,056,398
Change in stocks of finished goods and work in progress		**9,434,808**	-	**9,434,808**	14,238,420	(3,419,307)	10,819,113
Raw materials and consumables		**(423,917,173)**	-	**(423,917,173)**	(366,936,172)	(5,141,981)	(372,078,153)
Other external charges		**(39,419,298)**	-	**(39,419,298)**	(43,035,547)	(1,331,051)	(44,366,598)
Staff costs		**(55,905,060)**	-	**(55,905,060)**	(54,445,540)	(605,437)	(55,050,977)
Depreciation and amortisation		**(5,409,627)**	-	**(5,409,627)**	(4,636,457)	-	(4,636,457)
Operating profit	5	**17,860,704**	-	**17,860,704**	15,965,547	**(1,222,221)**	14,743,326
Interest income	9	**27,785**	-	**27,785**	37,485	-	37,485
Interest expense and similar charges	10	**(615,428)**	-	**(615,428)**	(564,554)	-	(564,554)
Other finance expense		**(1,126,000)**	-	**(1,126,000)**	(1,011,000)	-	(1,011,000)
Profit before tax		**16,147,061**	-	**16,147,061**	14,427,478	**(1,222,221)**	13,205,257
Tax on profit	12	**(3,325,718)**	-	**(3,325,718)**	(2,704,019)	(4,587)	(2,708,606)
Profit for the financial year		**12,821,343**	-	**12,821,343**	11,723,459	**(1,226,808)**	10,496,651

	2017 £	2016 £
Currency translation differences	-	(82,186)
Actuarial gain/(loss) on defined benefit pension scheme	**4,951,000**	(15,827,000)
Movement of deferred tax relating to pension deficit	**(860,905)**	1,850,600
Other comprehensive income for the year	**4,090,095**	(14,058,586)
Total comprehensive income for the year	**16,911,438**	(3,561,935)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

Profit for the year attributable to:						
Owners of the parent company	**12,821,343**	**-**	**12,821,343**	11,723,459	(1,226,808)	10,496,651
	12,821,343	**-**	**12,821,343**	11,723,459	**(1,226,808)**	10,496,651
Total comprehensive income for the year attributable to:						
Owners of the parent company			**16,911,438**			(3,561,935)

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

The notes on pages 18 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note		2017 £		2016 £
Fixed assets					
Tangible assets	15		**15,549,635**		15,577,579
Current assets					
Stocks	17	**89,678,731**		80,243,923	
Debtors: amounts falling due after more than one year	18	**5,968,710**		7,082,560	
Debtors: amounts falling due within one year	18	**110,005,610**		104,293,114	
Cash at bank and in hand	19	**47,308,109**		38,928,034	
		252,961,160		230,547,631	
Creditors: amounts falling due within one year	20	**(140,494,534)**		(125,929,666)	
Net current assets			**112,466,626**		104,617,965
Total assets less current liabilities			**128,016,261**		120,195,544
Creditors: amounts falling due after more than one year	21		**(6,812,766)**		(7,660,900)
Provisions for liabilities					
Other provisions	25		**(3,754,825)**		(3,732,413)
Pension liability			**(37,263,000)**		(43,528,000)
Net assets			**80,185,670**		65,274,231
Capital and reserves					
Called up share capital	29		**45,600,002**		45,600,002
Profit and loss account	30		**34,585,668**		19,674,229
			80,185,670		65,274,231

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

A Roberts
Director

Date: 28 September 2018

The notes on pages 18 to 47 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note		2017 £		2016 £
Fixed assets					
Tangible assets	15		**10,829,385**		11,068,587
Investments	16		**149,091,048**		149,313,954
			159,920,433		160,382,541
Current assets					
Debtors: amounts falling due within one year	18	**36,612,279**		52,984,605	
Cash at bank and in hand	19	**5,001,796**		5,288,872	
		41,614,075		58,273,477	
Creditors: amounts falling due within one year	20	**(151,580,835)**		(162,227,930)	
Net current liabilities			**(109,966,760)**		(103,954,453)
Total assets less current liabilities			**49,953,673**		56,428,088
Creditors: amounts falling due after more than one year	21		**(6,812,766)**		(7,660,900)
Provisions for liabilities					
Other provisions	25	**(56,566)**		(55,176)	
			(56,566)		(55,176)
Net assets			**43,084,341**		48,712,012

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2017

	Note		2017 £		2016 £
Capital and reserves					
Called up share capital	29		**45,600,002**		45,600,002
Profit and loss account brought forward		**3,112,010**		(3,316,420)	
(Loss)/profit for the year		**(3,627,671)**		6,428,430	
Dividend paid during the year		**(2,000,000)**		-	
Profit and loss account carried forward			**(2,515,661)**		3,112,010
			43,084,341		48,712,012

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

A Roberts
Director

Date: 28 September 2018

The notes on pages 18 to 47 form part of these financial statements.

No company profit and loss account is presented as permitted by section 408 of the Companies Act 2006.

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

	Share capital £	Profit and loss account £	Total £
At 1 January 2016	45,600,002	23,236,164	68,836,166
Profit for the year	-	10,496,651	10,496,651
Currency translation differences	-	(82,186)	(82,186)
Actuarial losses and deferred tax movements on pension scheme	-	(13,976,400)	(13,976,400)
Total comprehensive income for the year	-	(3,561,935)	(3,561,935)
At 1 January 2017	45,600,002	19,674,229	65,274,231
Profit for the year	-	12,821,343	12,821,343
Actuarial gain and deferred tax movements on pension scheme	-	4,090,096	4,090,096
Total comprehensive income for the year	-	16,911,439	16,911,439
Dividends paid	-	(2,000,000)	(2,000,000)
At 31 December 2017	45,600,002	34,585,668	80,185,670

The notes on 18 to 47 form part of these financial statements

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

	Share capital £	Profit and loss account £	Total £
At 1 January 2016	45,600,002	(3,316,420)	42,283,582
Profit for the year	-	6,428,430	6,428,430
Total comprehensive income for the year	-	6,428,430	6,428,430
At 1 January 2017	45,600,002	3,112,010	48,712,012
Loss for the year	-	(3,627,671)	(3,627,671)
Total comprehensive income for the year	-	(3,627,671)	(3,627,671)
Dividends paid	-	(2,000,000)	(2,000,000)
Total transactions with owner	-	(2,000,000)	(2,000,000)
At 31 December 2017	45,600,002	(2,515,661)	43,084,341

The notes on 18 to 47 form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	**12,821,343**	10,496,651
Adjustments for:		
Depreciation of tangible assets	**5,409,627**	4,636,457
Profit on disposal of tangible assets	**(328,599)**	(7,278)
Interest expense	**615,428**	564,554
Interest income	**(27,785)**	(37,485)
Taxation	**3,325,718**	2,708,606
(Increase) in stocks	**(9,434,808)**	(10,819,113)
(Increase) in debtors	**(5,545,579)**	(6,984,794)
Increase in creditors	**13,494,946**	15,145,503
Increase in provisions	**22,412**	253,883
Corporation tax paid	**(3,210,036)**	(2,279,891)
Pension contributions to defined benefit scheme	**(2,440,000)**	(2,440,000)
Fixed asset exchange adjustments	**-**	(35,229)
Other finance expense related to defined benefit pension scheme	**1,126,000**	1,011,000
Net cash generated from operating activities	**15,828,667**	12,212,864
Cash flows from investing activities		
Purchase of tangible fixed assets	**(2,280,811)**	(1,858,287)
Sale of tangible fixed assets	**344,879**	145,258
Interest income	**27,785**	37,485
Finance lease interest paid	**(367,700)**	(290,271)
Cash receipt on disposal of subsidiary	**1,000,000**	-
Net cash held at bank on disposal of subsidiary	**(17,628)**	-
Net cash from investing activities	**(1,293,475)**	(1,965,815)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Cash flows from financing activities		
New loans	-	10,000,000
Repayment of loans	-	(10,000,000)
Repayment of finance leases	**(3,907,389)**	(2,598,400)
Dividends paid	**(2,000,000)**	-
Interest paid	**(247,728)**	(274,283)
Net cash used in financing activities	**(6,155,117)**	(2,872,683)
Net increase in cash and cash equivalents	**8,380,075**	7,374,366
Cash and cash equivalents at beginning of year	**38,928,034**	31,553,668
Cash and cash equivalents at the end of year	**47,308,109**	38,928,034
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**47,308,109**	38,928,034
	47,308,109	38,928,034

The notes on pages 18 to 47 form part of these financial statements.

1. General information

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

Registered Number: 02023155

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the company'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 comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Consolidation

The consolidated financial statements include the financial statements of the parent company and its subsidiaries made up to the end of the financial year. Profits and losses on intra group transactions are eliminated in full.

On acquisition of a subsidiary its net assets acquired are consolidated at a fair value reflecting their condition at the date of acquisition. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary are credited and charged to the post-acquisition profit and loss account or the statement of recognised gains and losses as appropriate.

On disposal of a subsidiary the results of the subsidiary are included in the profit and loss account up until the date that control has passed. The profit or loss on disposal is calculated as the difference between the proceeds received and the fair value of the net assets disposed of and the carrying value of consolidated goodwill relating to the subsidiary at the date that control has passed.

Goodwill and negative goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off/released on a straight line basis over its useful economic life of five years. Provision is made for any impairment losses.

2. Accounting policies (continued)

2.3 Going concern

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

2.4 Turnover

Turnover shown in the profit and loss account represents the total invoice value of goods supplied during the year, exclusive of Value Added Tax.

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

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

Turnover is recognised prior to delivery of the goods, where there is an underlying contract with the customer meeting the definition of a 'bill and hold' arrangement. In these situations, turnover is recognised once the principal benefits and risks have passed to the customer; in particular that the goods are available and ready for delivery, and that payment has been received from the customer and therefore legal title of the stock has passed.

2.5 Intangible assets

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life.

Negative goodwill arising on the acquisition of a business, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and released on a straight line basis over its economic life.

2. Accounting policies (continued)

2.6 Tangible fixed assets and depreciation

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

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

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

Depreciation is provided on the following basis:

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

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

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

2.7 Investments

Fixed asset investments are shown at cost less any provision for impairment.

2.8 Stocks

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

2.9 Debtors

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

2. Accounting policies (continued)

2.10 Cash and cash equivalents

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

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.

2.11 Creditors

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

2.12 Operating leases

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

2.13 Finance lease agreements

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future installments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the income statement on a straight line basis, and the capital element which reduces the outstanding obligation for future installments.

2.14 Finance costs

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

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

2. Accounting policies (continued)

2.15 Current and deferred taxation

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.16 Foreign currencies

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'other operating income'.

2. Accounting policies (continued)

2.17 Pensions

Defined contribution pension costs

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Defined benefit pension costs

The group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial gains and losses'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and
b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as an 'Other finance expense'.

2. Accounting policies (continued)

2.18 Financial instruments

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.

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.19 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 profit and loss so that, by the end of the lease, a total provision is accrued that is estimated to be equal to the future costs of those dilapidation obligations. Where repairs are made part way through the lease that will reduce the estimated costs of dilapidation obligations at the expiry of the lease, the costs of those repairs are charged against the dilapidation provision.

2.20 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

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:

Pension and other post-employment benefits

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Management estimates these factors in determining the net pension obligation in the balance sheet. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 27.

Provisions

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

Trade debtors

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

Stock

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

Valuation of fixed asset investments

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

4. Turnover

In the opinion of the directors there is no substantial difference between the activities carried out by each of the trading units of the group.

No disclosure of any information by segment has been disclosed as in the opinion of the directors this would be seriously prejudicial to the interests of the group.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	**510,139,633**	448,333,455
Rest of European Union	**19,726,737**	28,217,898
Rest of world	**3,210,684**	3,505,045
	533,077,054	480,056,398

5. Operating profit

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets	**5,409,626**	4,636,457
Fees payable to the group's auditor for the audit of the group's annual accounts	**338,300**	338,000
Fees payable to the group's auditor for taxation compliance services	**73,500**	80,000
Fees payable to the group's auditor for other assurance services	**35,000**	12,000
Fees payable to the group's auditors for audit of the group's pension scheme	**19,800**	20,000
Operating lease rentals: - plant and machinery	**1,295,099**	1,755,002
- land and buildings	**8,760,623**	8,898,827
Loss/(profit) on foreign exchange	**1,153**	(49,600)
Profit on disposal of fixed assets	**(328,599)**	(7,278)

6. Staff costs

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

	Group 2017 £	Group 2016 £
Wages and salaries	**48,683,774**	48,455,748
Social security costs	**4,922,413**	4,390,559
Other pension costs	**2,298,873**	2,204,670
	55,905,060	55,050,977

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

	Group 2017 No.	Group 2016 No.
Sales and distribution staff	**1,645**	1,696

7. Directors' remuneration

	2017 £	2016 £
Remuneration	**361,157**	159,646

During the year retirement benefits were accruing to 2 directors (2016: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £260,174.

The accrued pension entitlement under the defined benefit scheme of the highest paid director as at the 31 December 2017 was £10,510. This represents the total amount that would be paid each year on retirement based on service to the end of the current year.

8. Income from investments

	2017 £	2016 £
Dividends recieved from subsidiaries	**-**	10,000,000

9. Interest income

	2017	2016
	£	£
Other interest from related undertakings	-	37,414
Bank and other interest	27,785	71
	27,785	37,485

10. Interest expense and similar charges

	2017	2016
	£	£
Bank interest payable	247,728	263,792
Finance leases interest	367,700	290,271
Other interest payable	-	10,491
	615,428	564,554

11. Other finance costs

	2017	2016
	£	£
Expected return on scheme assets	2,506,000	3,130,000
Net interest on net defined benefit liability	(3,632,000)	(4,141,000)
	(1,126,000)	(1,011,000)

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	**3,128,944**	2,504,103
Adjustments in respect of previous periods	**104,133**	6,425
	3,233,077	2,510,528
Foreign tax		
Foreign tax on income for the year	**7,000**	-
	7,000	-
Total current tax	**3,240,077**	2,510,528
Deferred tax		
Origination and reversal of timing differences	**(167,304)**	(87,722)
Deferred tax in respect of defined benefit pension scheme	**252,945**	285,800
Total deferred tax	**85,641**	198,078
Taxation on profit on ordinary activities	**3,325,718**	2,708,606

12. Taxation (continued)

Factors affecting tax charge for the year

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

	2017 £	2016 £
Profit on ordinary activities before tax	**16,147,061**	13,205,257
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.0%)	**3,108,309**	2,641,051
Effects of:		
Expenses not deductible for tax purposes	**91,164**	123,988
Fixed asset timing differences	**76,361**	96,209
Adjustment to tax charge in respect of prior periods	**106,133**	6,425
Difference in tax rates - opening deferred tax	**56,969**	(221,449)
Difference in tax rates - closing deferred tax	**(41,925)**	152,516
Other tax adjustments, relief's and transfers	**(1,425)**	57,341
Deferred tax not recognised	**(76,066)**	(121,409)
Deferred tax in respect of defined benefit pension scheme deficit	**-**	(26,066)
Income not taxable for tax purposes	**(2,946)**	-
Difference in tax rate as a result of defined pension scheme movements	**2,144**	-
Foreign tax credit	**7,000**	-
Total tax charge for the year	**3,325,718**	2,708,606

Factors that may affect future tax charges

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

13. Dividends

	2017 £	2016 £
Dividends paid	**2,000,000**	-

14. Intangible assets

Group

	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 January 2017	51,069,556	(1,339,048)	49,730,508
At 31 December 2017	51,069,556	(1,339,048)	49,730,508
Amortisation			
At 1 January 2017	51,069,556	(1,339,048)	49,730,508
At 31 December 2017	51,069,556	(1,339,048)	49,730,508
Net book value			
At 31 December 2017	-	-	-
At 31 December 2016	-	-	-

15. Tangible fixed assets

Group

	Plant, Equipment & Motor Vehicles £	Leasehold Property Improvements £	Total £
Cost			
At 1 January 2017	51,561,914	4,569,007	56,130,921
Additions	4,639,675	991,151	5,630,826
Disposals	(2,419,646)	(326,610)	(2,746,256)
Disposal of subsidiary	(237,173)	(193,547)	(430,720)
At 31 December 2017	53,544,770	5,040,001	58,584,771
Depreciation			
At 1 January 2017	37,336,577	3,216,765	40,553,342
Charge for the year on owned assets	5,089,908	319,718	5,409,626
Disposals	(2,404,395)	(325,454)	(2,729,849)
Disposal of subsidiary	(77,106)	(120,877)	(197,983)
At 31 December 2017	39,944,984	3,090,152	43,035,136
Net book value			
At 31 December 2017	13,599,786	1,949,849	15,549,635
At 31 December 2016	14,225,337	1,352,242	15,577,579

Included within the group net book value of £15,549,635 is £10,629,318 (2016: £10,877,915) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £3,598,612 (2016: £2,630,863).

The amounts above relating to disposal of subsidiary relate to the disposal on 2 January 2017 of the group's entire shareholding in Intercontinental Technology Limited.

15. Tangible fixed assets (continued)

Company

	Plant & machinery £
Cost or valuation	
At 1 January 2017	17,924,560
Additions	3,443,979
Disposals	(509,848)
Transfers intra group	(172,292)
At 31 December 2017	20,686,399
Depreciation	
At 1 January 2017	6,855,973
Charge for the year	3,698,487
Disposals	(509,848)
Transfers intra group	(187,598)
At 31 December 2017	9,857,014
Net book value	
At 31 December 2017	10,829,385
At 31 December 2016	11,068,587

Included within the company net book value of £10,829,3855 is £10,629,318 (2016: £10,877,915) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £3,598,612 (2016: £2,630,863).

16. Fixed asset investments

At the year end the company has 100% interest in the ordinary share capital of the following subsidiary companies (all of which are included in these consolidated financial statements unless indicated otherwise).

Subsidiary undertakings

Name	**Principal activity**
Aalco Metals Limited	Metal stockholding
Amari Metals Pension Trustees Limited	Dormant
Amari Metals DC Pension Trustees Limited	Dormant
Cashmores Metals Limited	Metal stockholding
Perkins Distribution Limited	Haulage
Equinox International Limited	Non-Trading
Blackburns Metals Limited	Metal stockholding
Laser Profiles Limited	Industrial laser cutting
Durbin Metal Industries Limited	Metal stockholding
Righton Limited	Metal stockholding
The Credit Centre Limited	Dormant
Amari Metals China Limited	Dormant
Amari Copper Alloys Limited	Metal stockholding
* Cole & Swallow Materials Limited	Metal stockholding
* Amari Precision Tubes Limited	Metal stockholding
* S.S.E Pipefittings Limited	Metal stockholding
* Enfield Tubes Limited	Metal stockholding
Testco Limited	Dormant
JM Durbin Limited	Dormant
Supaflo Engineering Limited	Dormant
Metalfin Limited	Metal stockholding

* Held indirectly by the company through Amari Copper Alloys Limited

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

On 2 January 2017 the group sold its shares in Intercontinental Technology Limited.

16. Fixed asset investments (continued)

Company

	Investments in subsidiary undertakings £
Cost	
At 1 January 2017	156,591,587
At 31 December 2017	156,591,587
Impairment	
At 1 January 2017	7,277,633
Charge for the period	222,906
At 31 December 2017	7,500,539
Net book value	
At 31 December 2017	149,091,048
At 31 December 2016	149,313,954

17. Stocks

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Goods held for resale	**89,678,731**	80,243,923	**-**	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

A provision of £3,249,864 (2016: £3,829,074) has been recognised against the stock balance due to slow-moving and obsolete stock. The net decrease of the provision of £579,210 (2016: net increase of £882,030) has been recognised in cost of sales.

18. Debtors

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Due after more than one year				
Deferred tax asset	**5,968,710**	7,082,560	**-**	-

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Due within one year				
Trade debtors	**101,331,343**	97,609,651	**169,794**	465,051
Amounts owed by group undertakings	**-**	-	**24,887,246**	45,467,094
Other debtors	**4,482,445**	2,441,102	**6,499,550**	6,345,506
Prepayments and accrued income	**2,708,087**	2,925,543	**4,586,489**	466,259
Deferred tax asset	**1,483,735**	1,316,818	**469,200**	240,695
	110,005,610	104,293,114	**36,612,279**	52,984,605

A provision of £9,122,123 (2016: £8,524,438) has been made in Amari Metals Limited against amounts due from subsidiary undertakings which have a deficiency of net assets.

A provision of £1,260,356 (2016: £1,771,518) has been recognised against trade debtors. The net reversal of the provision of £547,006 (2016: £345,444) has been recognised in other external charges.

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

19. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	**47,308,109**	38,928,034	**5,001,796**	5,288,872

20. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	**112,485,083**	102,292,842	**260,302**	351,138
Amounts owed to group undertakings	**-**	-	**141,100,377**	152,668,502
Corporation tax	**1,205,795**	1,133,386	**-**	-
Taxation and social security	**10,059,157**	8,024,527	**934,999**	856,463
Obligations under finance leases	**3,863,363**	3,203,866	**3,863,363**	3,203,866
Other creditors and accruals	**12,881,136**	11,275,045	**5,421,794**	5,147,961
	140,494,534	125,929,666	**151,580,835**	162,227,930

21. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Obligations under finance leases	**6,812,766**	7,660,900	**6,812,766**	7,660,900

The group renewed its bank borrowing facility during the year. Interest has been charged on the facility during the year at a variable rate above LIBOR. At the end of the year no amount was due on the facility available.

22. Finance Leases

Minimum lease payments under finance leases fall due as follows:

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Within one year	**3,863,363**	3,203,866	**3,863,363**	3,203,866
Between one and five years	**6,812,766**	7,476,940	**6,812,766**	7,476,940
After five years	**-**	183,960	**-**	183,960
	10,676,129	10,864,766	**10,676,129**	10,864,766

23. Financial instruments

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**105,813,788**	100,050,753	**31,556,590**	52,277,651
Financial liabilities				
Financial liabilities measured at amortised cost	**(125,366,219)**	(113,567,888)	**(146,782,473)**	(158,167,601)

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

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

24. Deferred taxation

Group

	2017 £	2016 £
At 1 January 2017	**8,399,378**	6,746,856
Income statement movement during the year	**166,917**	87,722
Charged to other comprehensive income	**(860,905)**	1,850,600
Income statement movement during the year in respect of defined benefit pension scheme	**(252,945)**	(285,800)
At 31 December 2017	**7,452,445**	8,399,378

Company

	2017 £	2016 £
At 1 January 2017	**240,695**	196,237
Income statement movement during the year	**228,505**	44,458
At 31 December 2017	**469,200**	240,695

The deferred tax asset is made up as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Fixed asset timing differences	**687,887**	597,225	**138,562**	(18,698)
Other timing differences	**332,248**	255,993	**330,638**	259,393
Defined benefit pension scheme liability	**6,432,310**	7,546,160	**-**	-
	7,452,445	8,399,378	**469,200**	240,695

25. Provisions

Group

	Dilapidation provision £
At 1 January 2017	3,732,413
Income statement movement during the year	271,099
Utilised in year	(248,687)
At 31 December 2017	**3,754,825**

Company

	Dilapidation provision £
At 1 January 2017	55,176
Income statement movement during the year	1,390
At 31 December 2017	**56,566**

Dilapidation provision relate to obligations under tenancy leases and are expected to be utilised over the remaining lease terms.

26. Capital commitments

At 31 December 2017 amounts authorised but not contracted for amount to £1,444,739 (2016: £1,725,419).

27. Pension commitments

Certain employees of the group are members of a number of defined contribution and defined benefit pension schemes.

Defined contribution schemes

The group operates a number of defined contribution schemes for the benefit of all enrolled UK employees. The assets of the schemes are administered by trustees in funds independent from those of the group.

The pension cost for the period represents contributions due by the group to the schemes in respect of the financial period and amounted to £2,298,873 (2016: £2,204,670). The amounts outstanding at the year end were £82,670 (2016: £70,332).

Defined benefit scheme

The group operated a defined benefit pension scheme, the Amari Metals Limited Pension Scheme.

The Amari Metals Limited Pension Scheme was operated for the benefit of all enrolled UK employees of Amari Metals Limited, Aalco Metals Limited, Cashmores Metals Limited, Equinox International Limited and Righton Limited. The group closed its defined benefit scheme to new members and future employee contributions on 30 September 2003. The scheme was also closed to future accrual of benefits with effect from 30 September 2003. The Righton Pension scheme was acquired by the group on 31 March 2008 through the purchase of 100% of the share capital of Righton Limited. The defined benefit pension scheme was operated for the benefit of all enrolled UK employees of Righton Limited and was closed on 31 March 2005 to all future employee contributions.

With effect from 1 April 2010 a merger of the Righton Pension Scheme with the Amari Metals Limited Pension Scheme and the Amari Metals Limited DC Pension Scheme was agreed. The merger led to the majority of members of the Righton Pension Scheme transferring to the two schemes on 1 April 2010, along with all the assets of the Righton Pension Scheme that were designated to those members. All of these members became members of the Amari Metals Limited Pension Scheme or Amari Metals Limited DC Pension Scheme on 1 April 2010.

The Righton Limited Pension Scheme was subsequently wound up. The assets of the scheme are administered by trustees in funds independent from those of the group and invested directly on the advice of independent professional investment managers. The group will however continue to make contributions to the frozen defined benefit scheme in accordance with the advice of an independent actuary so as to fulfil pensions obligations in respect of members who have accrued benefits.

The most recent actuarial valuation was as at 31 March 2016 when the market value of the scheme assets was £82,683,000. The actuarial value of those assets was sufficient to cover 84% of the benefits that had accrued to members.

Following the latest actuarial valuation, annual contributions of £2,440,000 will be paid to the scheme, by the participating employers, in an effort to eliminate the deficit disclosed by 31 October 2024. The contribution levels are subject to review at future valuations. The group expects to pay contributions of £2,440,000 in the year to 31 December 2018.

27. Pension commitments (continued)

Detailed disclosures in accordance with the provisions of FRS 102 section 28 'Employee benefits' are set out below:

Composition of plan assets:

	2017 £	2016 £
Equities	**80,661,000**	69,796,000
Bonds	**6,529,000**	12,642,000
Property	**7,744,000**	6,095,000
Cash	**4,808,000**	4,184,000
Gilts	**513,000**	-
Other	**2,205,000**	-
Total plan assets	**102,460,000**	92,717,000

	2017 £	2016 £
Fair value of plan assets	**102,460,000**	92,717,000
Present value of plan liabilities	**(139,723,000)**	(136,245,000)
Net pension scheme liability	**(37,263,000)**	(43,528,000)

The amounts recognised in profit or loss are as follows:

	2017 £	2016 £
Interest on obligation	**(3,632,000)**	(4,141,000)
Interest income on plan assets	**2,506,000**	3,130,000
Total	**(1,126,000)**	(1,011,000)

27. Pension commitments (continued)

Reconciliation of fair value of plan liabilities were as follow:

	2017 £	2016 £
Opening defined benefit obligation	**136,245,000**	113,612,000
Interest cost	**3,632,000**	4,141,000
Actuarial losses	**3,327,000**	21,931,000
Benefits paid	**(2,912,000)**	(3,439,000)
Transfers	**(180,000)**	-
Other	**(389,000)**	-
Closing defined benefit obligation	**139,723,000**	136,245,000

Reconciliation of fair value of plan assets were as follows:

	2017 £	2016 £
Opening fair value of scheme assets	**92,717,000**	84,482,000
Interest income on plan assets	**2,506,000**	3,130,000
Actuarial gains	**8,278,000**	6,104,000
Contributions by employer	**2,440,000**	2,440,000
Benefits paid	**(2,912,000)**	(3,439,000)
Transfers	**(180,000)**	-
Other	**(389,000)**	-
	102,460,000	92,717,000

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2017 %	2016 %
Discount rate	**2.40**	2.70
Revaluation of deferred pensions (non-GMP)	**2.80**	3.00
Pension increases: Limited Price Indexation	**3.00**	3.20
Pension increases: Limited Price Indexation (minimum 3% pa)	**3.40**	3.50
RPI inflation (period prior to retirement)	**2.80**	3.00
RPI inflation (period after retirement)	**3.10**	3.30

27. Pension commitments (continued)

The pre and post-retirement mortality assumptions used to value the benefit obligations at 31 December 2017 are based on the S2PA CMI_2016_M/F [1.00%] (2016: S2PA CMI_2015_M/F [1.00%]) mortality table with reference to members' actual years of birth.

Under these mortality assumptions, the expected future lifetime for a member retiring at age 65 at the accounting date would be 21.9 years (2016: 21.9 years) for males and 23.7 years (2016: 23.9 years) for females. As a result of expected improvements to mortality in the future, the future expectations of life at retirement for a member retiring at age 65 in 20 years' time would be 23.0 years (2016: 23.2 years) for males and 25.0 years (2016: 25.4 years) for females.

Amounts for the current and previous three periods are as follows:

Defined benefit pension schemes

	2017	2016	2015	2014
	£	£	£	£
Defined benefit obligation	**(139,723,000)**	(136,245,000)	(113,612,000)	(117,597,000)
Scheme assets	**102,460,000**	92,717,000	84,482,000	80,699,000
Deficit	**(37,263,000)**	(43,528,000)	(29,130,000)	(36,898,000)

Actual return on scheme assets was as follows:

	2017	2016
	£	£
Interest income	**2,506,000**	3,130,000
Return on assets less interest income	**8,278,000**	6,104,000
	10,784,000	9,234,000

28. Operating lease commitments

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Land and buildings				
Within one year	**7,968,491**	8,249,379	**108,960**	108,960
Between two and five years	**25,759,893**	24,990,373	**153,112**	262,072
After more than five years	**16,544,188**	20,293,336	-	-
Total	**50,272,572**	53,533,088	**262,072**	371,032

	Group 2017 £	Group As restated 2016 £	Company 2017 £	Company As restated 2016 £
Other commitments				
Within one year	**1,196,917**	1,547,007	**26,780**	44,095
Between two and five years	**1,182,467**	1,658,418	**17,278**	39,972
After more than five years	**6,880**	14,415	-	-
	2,386,264	3,219,840	**44,058**	84,067

29. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
10,000,002- Ordinary shares of £1 each	**10,000,002**	10,000,002
35,600,000- Redeemable preference shares of £1 each	**35,600,000**	35,600,000
	45,600,002	45,600,002

The shares rank pari-passu with the exception that the redeemable preference shares have no dividend rights. The redeemable preference shares can be redeemed at par at any time (at the option of the company) having given no less than three months previous notice in writing. The notice in writing should state the particular shares to be redeemed, the date fixed for redemption and the time and place at which the certificates for such shares are to be presented for redemption. As such, in accordance with FRS 102 section 22 'Liabilities and Equity', these shares have been presented as equity.

30. Reserves

Called up share capital

Represents the nominal value of shares that have been issued.

Profit and loss account

Includes all current and prior period retained profits and losses.

31. Contingent liabilities

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

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

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

32. Related party transactions

The group has made payments in 2017 to companies connected to certain directors of Britannia Metals Holdings, Ltd. in respect of leases of £1,746,750 (2016: £1,463,487). No material balance relating to the payments remained outstanding at the year end.

The group also incurred fees from companies connected to certain directors of Britannia Metals Holdings, Ltd. of £3,477,860 (2016: £3,898,198), of which (£118,089) (2016: £80,767) was outstanding at the year end.

The group made sales to metal distribution companies that are connected by virtue of common directorships of £9,073,996 (2016: £8,130,172), of which £2,150,276 (2016: £1,569,001) was outstanding at year end.

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.

33. Post balance sheet events

Subsequent to the year end two subsidiaries, Righton Limited and Blackburns Metals Limited, announced but not commenced plans to merge. This is for strategic purposes but at the date of issue of these financial statements an estimate of its financial effect cannot be made.

34. Ultimate parent undertaking and controlling party

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

The largest and smallest group of undertakings for which audited group accounts have been drawn up is that headed by Amari Metals Limited.

The registered office of Amari Metal Limited is: Parkway House, Unit 6 Parkway Industrial Estate, Pacific Avenue, Wednesbury, WS10 7WP.