

Company Registration No. 03242331 (England and Wales)

SIMS GROUP UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021



SIMS GROUP UK LIMITED

COMPANY INFORMATION

Directors	Mr M Saunders Mr S M Skurnac Mr P M Wright
Company Secretary	Mr R P Brierley
Company number	03242331
Registered office	Long Marston Stratford-upon-Avon Warwickshire England CV37 8AQ
Auditor	Deloitte LLP 4 Brindley Place Birmingham B1 2HZ
Bankers	HSBC Bank Plc 60 Queen Victoria Street London EC4N 4TR J P Morgan Chase Chaseside Bournemouth Dorset BH7 7DA
Solicitors	Eversheds Sutherland 115 Colmore Row Birmingham United Kingdom B3 3AL

SIMS GROUP UK LIMITED

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SIMS GROUP UK LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present the strategic report for the year ended 30 June 2021.

Review of the business

The principal activities of Sims Group UK Limited (the Company) are recycling and processing of scrap metals and waste electrical and electronic equipment (recycling solutions).

The results for 2021 have seen significant earnings improvement through the delivery of lower operating costs coupled with the higher trading volumes and gross margin improvements.

During the year the Company earned a net profit of £5,132,000 (2020 as restated: £46,217,000 loss) while the closing net asset position was £117,458,000 (2020 as restated: £110,589,000). Whilst an improvement in trading performance was a major contributor to improved performance, the business also had a year on year reduction of £33,318,000 of impairments made on assets and investments. This mainly accounts for the significant improvement in administration expenses from the prior year.

Following the initial impact of the global Covid-19 pandemic the management of the UK Metals business announced the potential closure of seven of its sites and a reduction of its workforce by 150 employees. The sites earmarked for closure have not been re-opened and the employee reductions have been enacted. These cost reduction decisions enable a sustainable business performance into the future, reducing costs, specifically administrative expenses, whilst maintaining as far as possible site processing capacity.

The Company participated in the UK Governments Job Retention Scheme and made furlough claims totalling £2,070,000 for the financial year ending 30 June 2020, but usage was limited to £1,328,000 in the financial year ending 30 June 2021.

FY 2021 has seen positive gross margin improvements driven by higher commodity prices as well as active margin management, coupled with favourable competitive market conditions. These factors combined with the impact of the lower operating costs following the business restructure throughout FY 2021, have supported the delivery of a significant earnings enhancement in the year. Sales volumes have increased by 12.2% compared to prior period as the impact from Covid-19 was not as great after the initial lockdown in March to June 2020.

The current strategy for the business is to grow the business via organic opportunities and potentially acquisitions, where there are clear business synergies. Organic growth will be driven by an investment in technologies to improve segregation and promote more efficient processing of infeed material to produce high quality product.

The Company is also very much bought into the overall strategy of the Sims Group, which is set out in the Group's annual report.

SIMS GROUP UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Section 172(1) statement

Promoting the success of the company

Section 172 of the Companies Act 2006 requires each Director to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its ultimate shareholders. The Directors consider the wider needs of the stakeholders of the Group when performing their duties. The Directors have sought to promote the success of the Company for the benefit of the key stakeholders to the business, taking a long-term view and ensuring that the Company has the necessary resources to meet its obligations, objectives and responsibilities. In doing so the Directors have considered the six key Section 172 factors as outlined below.

The Board has identified key stakeholders of the business as being employees, customers, suppliers, the Company's parent company and communities in which our sites are based. These stakeholders have been identified as being those with the most significant interest in the Company.

In considering these wider stakeholder needs, the Board has considered:

Consequences of any decision in the long-term

The Board's decisions over the past year to promote the long-term success of the Company have involved engaging with stakeholders and considering their interests when making these decisions. In particular, the Board has had to make decisions to ensure that we continue to have the right strategy in place to ensure that we adjust to market conditions to maintain and grow a sustainable business. The key decisions that the business has made in this regard are:

- Continuation with the global process to replace the existing ICT systems with a global system covering Operations, Commercial Finance, HR and Safety.
- Continuation with the global process of business transformation, which will change the way in which the business is managed into a functional rather than a regional basis.
- Resize the business in the face of challenges posed by the Covid-19 crisis beginning in early calendar year 2020.

Interests of the employees

The implications and impacts of any decisions, whether day-to-day decisions or long-term strategic planning, are considered in regard to how it will impact employees.

In each of the processes highlighted above the business has looked to keep employees informed as to what is proposed and what decisions have been taken as well as progress made. In relation to the Global systems and business transformation a number of communications have been made to employees including, interactive town hall presentations from senior management, video updates from the Global CEO, email and video updates on a regular basis to all employees.

Employee feedback is encouraged; colleagues have been asked to provide feedback and questions either with local management, with the project teams involved or alternatively via an on-line function where questions can be asked direct to the CEO by any employee.

Where restructuring has been necessary the business has entered into consultations with employees and sites so that they are informed of the process being undertaken and how it impacts on them as individuals. Frequent communications were made to furloughed employees to ensure that they were kept informed of the changes taking place in the business and whether any decisions impacted them.

SIMS GROUP UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Company's business relationship with suppliers, customers and others

The Directors recognise that building professional and co-operative relationships with third parties is integral to the Company's operations. Communications with customers and suppliers tend to take place verbally on an ongoing basis through the commercial team within the business. Where there are significant changes to the ongoing nature of the business communications were made both verbally and writing to inform customers and suppliers of how changes may impact on their interactions with the business. For example, during the Covid-19 crisis, letters were sent regarding which sites were being opened and closed at any point in time and the safety measures that we have put in place to protect suppliers and employees alike when sites reopened.

The impact of operations on the community and the environment

Sustainability is at the core of our business; it is a path for us to achieve our purpose: create a world without waste to preserve our planet. The Company is at the centre of the circular economy by recovering and recycling products and materials to generate maximum value and minimise waste. By diverting thousands of tonnes of secondary materials from landfill each year we are directly reducing the need to extract virgin raw materials and as such effectively fighting climate change.

The Company is well embedded into local communities having 36 active sites nationally making use of a range of both local and national suppliers through its supply chain. The Company also offers apprenticeships and work experience which allows ease of access to those in the community looking to start their career.

Company's reputation for high standards of business conduct

The Board monitors the Company's culture to ensure that high standards of business conduct are maintained. Open and constructive dialogue with our employees and other key stakeholder is critical to inform the Board's decisions. The Directors' Report refers to the way in which the company encourages employee involvement in the business. In the past year we have carried out an employee working from home survey to ensure that the Board understands the issues that colleagues wish to raise. The company has a code of conduct on which there is training and upon which each appropriate employee signs off annually, this covers the behaviours and responsibilities of employees. In addition, training is specifically provided to the appropriate individuals on anti-bribery rules, competition law and the Criminal Finances Act of 2017. More detailed training is provided where appropriate on industry specific matters.

The Board monitors the Company's performance in relation to safety and the reduction of greenhouse gas emissions and waste on a regular basis.

The need to act fairly between members

The Company is a wholly owned member of the Sims Group, for which the ultimate parent undertaking is Sims Limited. The Board of which recognises the need to act fairly between members, for example, treating all members in the same manner, regardless of shareholding.

SIMS GROUP UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Principal risks and uncertainties

The Company recognises that the effective management of risk is essential to achieving the Group's objectives of maximising performance and meeting its commitments to all stakeholders, including its employees, customers and the wider community. The Company has adopted a Risk Management Policy and a statement on internal compliance and control systems. The process of risk recognition and management is addressed through a framework of policies, procedures and internal controls. To help ensure all risks relevant to the Company are considered, a systematic approach to risk identification is followed.

Financial instruments

The Company's operations expose it to a variety of financial risks that include foreign exchange risk, credit risk, commodity price risk, liquidity risk, interest rate risk and capital risk. The Company's overall financial risk management strategy is to mitigate these risks to minimise the potential adverse effects on the financial performance of the Company. Mitigation includes currency hedging, commodity hedging, cash pooling and leveraging Group expertise and visibility of potential current and future exposures.

Liquidity risk

The Company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Company has sufficient available funds for operations and planned expansion.

Interest rate risk

The Company's main exposure to interest rate risk arises from borrowings at a variable rate. Interest rate risk is managed as part of the wider Group's net debt portfolio.

Foreign exchange risk

The Company manages foreign exchange risk by taking out forward contracts to fix currency exchange rates on export sales. The gain or loss on any mismatch between the currency fixed and the final amount receivable is taken to the income statement. These forward contracts are valued with reference to the exchange rate inherent in the contract.

Credit risk

Credit risk on debtors is managed by taking third party insurance on domestic and at risk export debts. If third party insurance is not available, which is the case for much of the domestic market then credit limits are established. The Company is also exposed to credit risk arising from counterparts for its forward foreign exchange contracts. Counterparts and associated credit limits for forward foreign exchange contracts are established by the ultimate parent Company.

Capital risk

The Company's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group manages its capital in order to provide sufficient funds for the Company's activities. Future capital requirements are regularly assessed and Board decisions taken as to the most appropriate source for obtaining the required funds, be it through internal revenue streams, external funding or selling assets.

SIMS GROUP UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Health and safety

Health and safety has been identified as a significant risk within the business. The company has addressed this risk by having key personnel within each region, regular health and safety training meetings and audits.

Climate change

The company recognises that climate change could have meaningful impacts on the financial performance of the Group over time and has begun the process of identifying key risks and, where possible, commenced action to mitigate their impact. The key risks identified centre around the potential for increased, and more extreme, weather events impacting:

- Health & Safety issues for employees operating on sites (extreme temperatures);
- Inability to maintain standard operational hours at facilities (extreme temperatures);
- Docks, material handling and the transportation of product (intense rain and winds);
- Access to a reliable supply of electricity (extended heat waves); and
- Reliable operation of critical data storage sites (flooding, extended heat waves).

These risks are currently not expected to have a material impact on the company's financial performance. No impact anticipated on fixed assets held nor long term impact on the company's recycling products and capabilities.

As a key enabler of the circular economy, the Group diverts valuable resources away from landfill, bringing benefits to our value chain, such as: greenhouse gas ("GHG") emissions mitigation, landfill diversion and virgin raw materials demand reduction. The Group is already well placed in an established metals recycling industry, however recognises the importance and opportunity to achieve a bigger impact by supporting research projects and investment in technologies as part of the process to execute its purpose: "Create a world without waste to preserve our planet".

Financial key performance indicators

The management of the business and the execution of the Company's strategy are subject to a number of risks, the most significant of which are the health and safety of our employees and pressures on supply and demand. These risks are managed by the use of key performance indicators and regular monitoring procedures, including monthly management meetings and (in the case of Health & Safety) daily incident reports.

The directors consider the following indicators to be key in measuring the performance of the business:

	2021	2020 <i>as restated</i>
<i>Revenue from continuing operations (£million)</i>	574	487
<i>EBITDA* before restructuring result from continuing operations (£million)</i>	24	(56)
<i>Operating profit/ (loss) before restructuring result from continuing operations (£million)</i>	9	(71)
<i>Operating profit/ (loss) before restructuring result as a percentage of turnover from continuing operations (%)</i>	1%	(15)%
<i>- Depreciation*</i>	16	15
<i>- Restructuring income/ (costs)*</i>	1	(8)

*EBITDA is calculated as operating (loss)/ profit plus depreciation and amortisation.

Non Financial KPIs include Health and Safety Statistics, including incident reports.

SIMS GROUP UK LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

The Directors have reviewed the outcomes of the key performance indicators and are satisfied with the company's performance.

Future developments

Under the direction of the Group and Company executive leadership teams and in line with the Group's strategic plan, management are confident in the future prospects of the Company.

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

DocuSigned by:

Mark Saunders

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Mr M Saunders

Director

31 March 2022

.....

Long Marston

Stratford-upon-Avon

Warwickshire

England

CV37 8AQ

SIMS GROUP UK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The directors present their annual report and financial statements for the year ended 30 June 2021.

Results and dividends

The results for the year are set out on page 19.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D Williams	(Resigned 30 September 2021)
Mr M Saunders	
Mr S M Skurnac	
Mr P M Wright	

Directors' indemnities

The Company maintains liability insurance for its directors and officers. Following shareholders' approval the Company has also provided an indemnity for the directors and the Company Secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The indemnity was in force throughout the year and is currently in force. This cover is for all companies and subsidiaries.

Political donations

There were no political donations made during the year (2020: £nil).

Future developments

Under the direction of the Group and Company executive leadership teams and in line with the Group's strategic plan, management are confident in the future prospects of the Company.

Supplier payment policy

It is the policy of the Group to agree terms of the transaction, including payment terms, prior to commencing trade with any supplier and to abide by those terms. Provided suppliers perform in accordance with the agreed terms and satisfactory invoices have been received, payment is made accordingly. Trade creditor days at 30 June 2021 were 15 days (2020: 50 days).

There are no supplier financing arrangements in place.

Research and development

The Company continues to invest in research and development, in response to legislation and for the advancement of recycling techniques. The directors consider this investment as integral to the continuing success of the business, and to ensure that the Company continues to be at the forefront of the industry in this respect.

SIMS GROUP UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Company continues and that the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The Company strives to ensure that all employment decisions, practices and requirements are not influenced or affected by an applicant's or employee's age, race, colour, national or ethnic origin or community background, gender, sexual orientation, family status, religion or belief, disability, real or suspected living with HIV/AIDS, differing working patterns, political affiliation, ex-offender status or membership/non-membership of a Trade Union.

The Company believes that it is important that all employees are closely involved in the fortunes of the business. Communication has continued at all levels, with the aim that all employees are aware of the financial and economic performance of the Company as a whole.

In this financial year the Company has engaged with the employees with town hall meetings, surveys and safety, health, environmental, community and sustainability updates.

Post reporting date events

There were no subsequent events after the balance sheet date.

Going concern

The Company is in a net asset position of £117,458,000 (2020 as restated: £110,589,000). The Company meets its day-to-day working capital requirements through its bank facilities, intercompany loans and enable the Company to cover its net liability position.

The global market for scrap metal continued to improve across the second half of calendar year 2020 and into 2021. Actions taken by the Company to restructure its operations during 2020 following a significant crash in the prices in the Ferrous market in 2019 and the impact of Covid-19 have lowered the Company's operating cost base while maintaining operational capacity at close to historic levels.

The sharp rise in Ferrous and Non-Ferrous prices late in calendar year 2020 has provided a catalyst to allow the Company to improve Gross Margin and overall performance. The business reported a statutory profit of £5.1 m in the full year to 30 June 2021, which included £1.1m of income relating to a release of the provisions associated with the restructuring.

The financial year 2022 has started very well, continuing the trend of consecutive strong quarters in the second half of financial year 2021.

SIMS GROUP UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

The Company's and Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company and Group should be able to operate within the level of its current facilities.

Sims Limited is the ultimate parent of Sims Group UK Limited and has provided a letter of support to the Company. Sims Limited is willing to provide immediate financial support to Sims Group UK Holdings Limited, Sims Group UK Limited and Sims Metal Management Finance Limited in case of financial difficulties, and if necessary, will invest additional funds essential to ensure that the aforementioned entities will continue to operate as a going concern. Sims Limited extend this support for a period of at least 12 months from the date of signing of the financial statements.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these financial statements. As a result, the Directors consider it appropriate that the financial statements continue to be prepared on a going concern basis.

Brexit and Covid-19

The impact of the UK leaving the European Union on 31 January 2020 has had only a limited direct impact on the Company and its operations. Whilst the longer term implications of Brexit remain uncertain, the Group and Company executive leadership team consider the Business is relatively well placed to withstand and limit any negative impacts with our European export products being zero tariff. The business has noted that administrative processes around the import and export of goods with the EU have become more burdensome. This has at times led to delays in receiving goods from the EU. In addition, it has been noted that recruitment of a number of grades and categories of employees has become more challenging.

The global economic impact of Covid-19 is now very limited. The core markets have remained largely open throughout the period with increasing demand for scrap metal at a global level. The Company participated in the UK Government's Job Retention Scheme and made furlough claims totalling £2,070,000 for the financial year ending 30 June 2020, but usage was limited to £1,328,000 in the financial year ending 30 June 2021.

The course of the global pandemic continues to evolve and we will continue to carefully monitor the impact on the business, however the market has remained strong through the second half of 2021 and into the first quarter of 2022.

Principal risks and uncertainties

The Company's operations expose it to a variety of risks. These risks are discussed in the Strategic Report.

SIMS GROUP UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Energy and carbon report

The location-based total greenhouse gas emissions for Sims Group UK Limited for the financial year ending 30 June 2021 were 20,904 tonnes of carbon dioxide equivalent (tCO₂e). This is a decrease of less than 1% when compared to 2019-20 (20,933 tCO₂e).

The market-based total greenhouse gas emissions for 2020-21 were 16,625 tonnes of carbon dioxide (tCO₂e). (Market based reporting allows, as an alternative, renewable-sourced electricity to be reported as zero carbon emissions).

An emissions intensity ratio has been calculated, expressing annual emissions in relation to a quantifiable factor or normaliser. The location-based intensity ratio for 2020-21 is 24.44 tCO₂e per £m of revenue. This is a decrease of 24.7% compared to 2019-20 (32.48 tCO₂e per £m). The equivalent market-based intensity ratio is 19.44 tCO₂e per £m of revenue. Note that revenue includes interbranch sales.

The gross GHG emissions figure includes all material scope 1, 2 and 3 emissions required to be disclosed by the SECR legislation; that is the emissions associated with the purchase of electricity, the combustion of gas and the consumption of fuel for transport. The emissions also include those due to fuel combusted in stationary plant, as well as the emissions from the transmission and distribution of electricity, which are reported voluntarily.

The UK Groups greenhouse gas emissions are broken down in the following sections.

Greenhouse gas emissions

Table 1 - Greenhouse gas emissions by source (tonnes CO₂e) - Location based

<i>Emissions source</i>	<i>2019/20</i>	<i>2020/21</i>	<i>Share %</i>	<i>YoY</i>
<i>Fuel combustion: gas</i>	178	219	1.0%	22.7%
<i>Fuel combustion: Transport and stationary plant</i>	12,255	13,040 (1)	62.4%	6.4%
<i>Emissions from the consumption of Electricity</i>	8,500	7,645	36.6%	-10.1%
<i>Total emissions (tCO₂e)</i>	20,933	20,904	100.0%	-0.1%
<i>Revenue, including interbranch sales £</i>	644,433,117	855,170,895		32.7%
<i>Intensity: (tCO₂e per £m of revenue)</i>	32.48	24.44		-24.7%

Table 2 - Greenhouse gas emissions (tonnes CO₂e) 2020/21 - Market based

<i>Emissions source (tCO₂e)</i>	<i>2020/21</i>	<i>% Share</i>
<i>Fuel combustion: Natural gas</i>	219	1.3%
<i>Fuel combustion: Transport & stationary plant</i>	13,040	78.4%
<i>Emissions from the consumption of Electricity</i>	3,367 (2)	20.3%
<i>Total emissions (tCO₂e)</i>	16,625	100.0%
<i>Revenue, including interbranch sales £</i>	855,170,895	
<i>Intensity: (tCO₂e per £m of revenue)</i>	19.44	

(1) This is the first year that they grey fleet (hire and personal vehicles used for business purposes) has been included, hence this contributed to a slight increase for total transport emissions.

SIMS GROUP UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

(2) The 2020/21 market-based emissions figure for purchased electricity reflects our investment in zero-carbon electricity tariffs for most of our buildings. In the terms of the Greenhouse Gas Protocol, the accounting of zero carbon electricity tariffs is called 'market-based', as opposed to 'location-based', reporting. Location-based reporting does not take into account the electricity supply contracts, which a company has procured and instead uses a national carbon emissions factor to calculate the emissions from the generation of electricity, reflecting the diverse source of electricity generation supplied to the national grid. Under SECR guidelines it is required to report using the location-based methodology, but the market-based approach can additionally be reported voluntarily. The 2021, location-based emissions from electricity were 7,645 tCO₂e (including transmission and distribution losses), giving total emissions of 20,904 tCO₂e and an intensity of 24.44 tCO₂e per £m. In comparison, the 2021, market-based emissions from electricity were 3,367 tCO₂e, and the total emissions 16,625 tCO₂e, reflecting the use of a market mechanism to buy a zero-carbon electricity tariff and demonstrating thereby a saving of 4,279 tCO₂e.

Table 3 - Greenhouse gas emissions (tonnes CO₂e) 2020/21 - Location based

Emissions source	Scope 1 (tCO₂e)	Scope 2 (tCO₂e)	Scope 3 (tCO₂e)	Total (tCO₂e)
Fuel combustion: gas	219	-	-	219
Fuel combustion: Transport and stationary Plant	13,013	-	26	13,040
Emissions from the consumption of Electricity	-	7,024	622	7,645
Total emissions (tCO₂e)	13,232	7,024	648	20,904
Share of Total	63.3%	33.6%	3.1%	100.0%

Scope 1: Natural gas, company-operated transport and stationary plant. Scope 2: Electricity. Scope 3: Electricity transmission and distribution losses plus grey fleet. This includes emissions reportable under SECR and may not reflect the entire carbon footprint of the organisation.

Table 4 - Greenhouse gas emissions by scope (tonnes CO₂e) 2020/21 - Market based

Emissions source	Scope 1 (tCO₂e)	Scope 2 (tCO₂e)	Scope 3 (tCO₂e)	Total (tCO₂e)
Fuel combustion: gas	219	-	-	219
Fuel combustion: Transport and stationary Plant	13,013	-	26	13,040
Emissions from the consumption of Electricity	-	3,093	274	3,367
Total emissions (tCO₂e)	13,232	3,093	300	16,625
Share of Total	79.6%	18.6%	1.8%	100.0%

SIMS GROUP UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Energy consumption

Table 5 - Energy consumption (kWh)

Energy consumption (kWh)	2019/20	2020/21	% of Total	YoY
<i>Fuel combustion: gas</i>	970,338	1,195,346	1.4%	23.2%
<i>Fuel combustion: Transport and Stationary Plant</i>	48,858,640	52,127,204	60.3%	6.7%
<i>Emissions from the consumption of Electricity</i>	33,571,795	33,078,373	38.3%	-1.5%
Total energy consumption (kWh)	83,400,774	86,400,923	100.0%	3.6%
<i>Revenue, including interbranch sales £</i>	644,433,117	855,170,895		32.7%
<i>Intensity: (kWh per £m)</i>	129,417	101,034		-21.9%

Boundary, methodology and exclusions

The data contained in this document is calculated and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines, March 2019.

An 'operational control' approach has been used to define the Greenhouse Gas emissions boundary. This approach captures emissions associated with the operation of buildings within the scope of the regulation, plus transport and stationary plant. This report covers UK operations only, as required by SECR for Non-Quoted Large Companies. This report also includes emissions from stationary plant under Scope 1 and transmission and distribution (T&D), which is a voluntary scope 3 emission that means the losses in transmission between sources of supply and points of distribution are included in the carbon emissions. By combining the T&D emissions with those from the generation of purchased electricity provides the emissions associated with electricity consumption, which is considered best practice.

Sims Group UK Limited is not listed on a stock exchange such as the London Stock Exchange, so is classified as a Non-Quoted Large Company for the purpose of regulatory compliance.

In accordance with the guidelines, it has been required to estimate some electricity and gas consumption, in those instances where data are not available. The estimations equate to <1% of the market-based emissions and <1% of the location-based emissions.

Emissions have been calculated using the 2021 conversion factors provided by Department of Business, Energy. The reporting period is July 2020 to June 2021, as per the financial accounts. Residual emissions factors used in market-based reporting are from Association of Issuing Bodies, 2021.

Energy efficiency initiatives

Sims Group UK Limited aims to continually improve its energy efficiency measures to reduce our impact on the environment, to behave and operate as a responsible, sustainable business and to minimise our associated energy bills.

During the year, the following initiatives have been completed, which has reduced energy consumption:

- Compressor shut down in the Long Marston site; and
- Ongoing compressor control improvement in the Long Marston site.

SIMS GROUP UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

Engagement with suppliers, customers and others

Details on engagement with suppliers, customers and others is set out in the Section 172 Statement.

Auditor

Statement of disclosure to auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

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

DocuSigned by:

Mark Saunders

.....348D031G2F2248B.....

Mr M Saunders

Director

31 March 2022

Date:

Long Marston
Stratford-upon-Avon
Warwickshire
England
CV37 8AQ

SIMS GROUP UK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

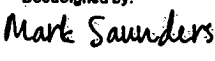
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

DocuSigned by:

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Mr M Saunders
Director

31 March 2022

Date:

Long Marston
Stratford-upon-Avon
Warwickshire
England
CV37 8AQ

SIMS GROUP UK LIMITED
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SIMS GROUP UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Sims Group UK Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 34.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

SIMS GROUP UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SIMS GROUP UK LIMITED

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

SIMS GROUP UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SIMS GROUP UK LIMITED

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018 (including GDPR).

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud around timing of revenue recognition. Specifically, pinpointing the significant revenue risk to cutoff for container export sales due to the size of shipments and the length of time it takes for control of the goods to transfer between parties.

Our specific procedures performed to address the risk of fraud in revenue recognition include:

- review of management's processes and procedures to ensure appropriate cut-off of revenue around the year-end;
- review of the design and implementation of relevant revenue cut-off controls in place at the entity;
- review of management's year-end revenue cut-off calculation and adjustment;
- substantive testing over a sample of shipments around the year-end date; and
- detailed inspection of sales terms for a sample of customers, including identification of the point in time at which ownership of goods is transferred between parties.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with HMRC.

SIMS GROUP UK LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SIMS GROUP UK LIMITED

Report on other legal and regulatory requirements

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 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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

DocuSigned by:



22AFA05F393B47A...

Peter Gallimore FCA

(Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

Date:31..March..2022....l. 20:59:10 BST

SIMS GROUP UK LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30 JUNE 2021**

		2021	2020
	Notes	£'000	as restated £'000
Turnover	4	573,921	486,895
Cost of sales		(469,252)	(438,470)
Gross profit		104,669	48,425
Distribution costs		(44,495)	(33,299)
Administrative expenses		(53,199)	(88,015)
Other operating income	5	1,554	2,182
Restructuring income/(costs)	6	1,170	(7,737)
Operating profit/(loss)	7	9,699	(78,444)
Finance income	11	505	47,218
Interest payable and similar expenses	12	(2,229)	(2,726)
Amounts written off investments	13	(447)	9,987
Profit/(loss) before taxation		7,528	(23,965)
Tax on profit/(loss)	14	(2,396)	(22,252)
Profit/(loss) for the financial year	30	5,132	(46,217)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The restated balances to 30 June 2020 are discussed further in note 34.

SIMS GROUP UK LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	£'000	as restated £'000
Profit/(loss) for the year	5,132	(46,217)
Other comprehensive income/(expense):		
Items that will not be reclassified to profit or loss		
Actuarial gain on defined benefit pension schemes 28	391	2,323
Tax relating to items not reclassified 14	1,346	(1,376)
Total items that will not be reclassified to profit or loss	1,737	947
Total comprehensive income/(expense) for the year	6,869	(45,270)

SIMS GROUP UK LIMITED**BALANCE SHEET****AS AT 30 JUNE 2021**

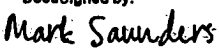
		2021		2020	
	Notes	£'000	£'000	as restated £'000	£'000
Fixed assets					
Tangible fixed assets	18		93,743		101,602
Investments	19		48,428		48,749
			<u>142,171</u>		<u>150,351</u>
Current assets					
Stocks	21	81,086		38,255	
Debtors	22	76,380		66,076	
Cash at bank and in hand		969		1,461	
		<u>158,435</u>		<u>105,792</u>	
Creditors: amounts falling due within one year	23	(151,056)		(102,514)	
Net current assets			<u>7,379</u>		<u>3,278</u>
Total assets less current liabilities			<u>149,550</u>		<u>153,629</u>
Creditors: amounts falling due after more than one year	23		(26,957)		(30,551)
Provisions for liabilities	27		(9,367)		(16,324)
Net assets excluding pension surplus			<u>113,226</u>		<u>106,754</u>
Defined benefit pension surplus	28		4,232		3,835
Net assets			<u><u>117,458</u></u>		<u><u>110,589</u></u>

SIMS GROUP UK LIMITED**BALANCE SHEET (CONTINUED)****AS AT 30 JUNE 2021**

		2021		2020	
	Notes	£'000	£'000	as restated	
				£'000	£'000
Capital and reserves					
Called up share capital	29		50,000		50,000
Profit and loss reserves	30		67,458		60,589
Total equity			117,458		110,589

The restated balances at 30 June 2020 are discussed further in note 34.

The financial statements were approved by the board of directors and authorised for issue on 31 March 2022 and are signed on its behalf by:

DocuSigned by:

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Mr M Saunders
 Director

Company Registration No. 03242331

SIMS GROUP UK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Equity reserve £'000	Hedging reserve £'000	Capital redemption reserve £'000	Own shares £'000	Profit and loss reserves £'000	Total £'000
As restated for the period ended 30 June 2020:										
Balance at 1 July 2019 as restated		50,000	-	-	-	-	-	-	152,823	202,823
Year ended 30 June 2020:										
Loss for the year as restated		-	-	-	-	-	-	-	(46,217)	(46,217)
Other comprehensive income:										
Actuarial loss on defined benefit plans		-	-	-	-	-	-	-	2,323	2,323
Tax relating to other comprehensive income		-	-	-	-	-	-	-	(1,376)	(1,376)
Total comprehensive income for the year		-	-	-	-	-	-	-	(45,270)	(45,270)
Dividends	15	-	-	-	-	-	-	-	(46,964)	(46,964)
Balance at 30 June 2020 as restated		50,000	-	-	-	-	-	-	60,589	110,589

SIMS GROUP UK LIMITED

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

	Share capital	Share premium account	Revaluation reserve	Equity reserve	Hedging reserve	Capital redemption reserve	Own shares	Profit and loss reserves	Total
Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As restated for the period ended 30 June 2020:									
Year ended 30 June 2021:									
Profit for the year	-	-	-	-	-	-	-	5,132	5,132
Other comprehensive income:									
Actuarial gains on defined benefit plans	-	-	-	-	-	-	-	391	391
Tax relating to other comprehensive income	-	-	-	-	-	-	-	1,346	1,346
Total comprehensive income for the year	-	-	-	-	-	-	-	6,869	6,869
Balance at 30 June 2021	50,000	-	-	-	-	-	-	67,458	117,458

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

Company information

Sims Group UK Limited is a private company limited by shares incorporated in England. The registered office is Long Marston, Stratford-upon-Avon, Warwickshire, England, CV37 8AQ. The company's principal activities and nature of its operations are disclosed in the strategic report.

These financial statements are separate financial statements. The Company is exempt; as per section 401 of the Companies Act 2006, from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Sims Limited. The group accounts of Sims Limited are available to the public and can be obtained from the address below.

The registered office of the parent Company preparing consolidated accounts is: Suite 2, Level 9, 189 O'Riordan Street, Mascot, NSW 2020, Australia.

1.1 Accounting convention

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****1 Accounting policies****(Continued)**

Historical cost convention has been used except for the revaluation of certain properties, financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using other valuation techniques. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1

Inputs are quoted prices (unadjustable) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2

Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3

Inputs are unobservable inputs for the asset or liability.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment, intangible assets, investment property and biological assets;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- a reconciliation of the number and weighted average exercise prices of share options, how the fair value of share-based payments was determined and their effect on profit or loss and the financial position;
- comparative narrative information;
- for financial instruments, investment property and biological assets measured at fair value and within the scope of IFRS 13, the valuation techniques and inputs used to measure fair value, the effect of fair value measurements with significant unobservable inputs on the result for the period and the impact of credit risk on the fair value; and
- related party disclosures for transactions with the parent or wholly owned members of the group.
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirements of second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from contracts with customers.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.2 Going concern

The Company is in a net asset position of £117,458,000 (2020 as restated: £110,589,000). The Company meets its day-to-day working capital requirements and cover its net liability position through its bank facilities and intercompany loans.

The global market for scrap metal continued to improve across the second half of calendar year 2020 and into 2021. Actions taken by the Company to restructure its operations during 2020 following a significant crash in the prices in the ferrous market in 2019 and the impact of Covid-19 have lowered the Company's operating cost base while maintaining operational capacity at close to historic levels.

The sharp rise in Ferrous and Non Ferrous prices late in calendar year 2020 has provided a catalyst to allow the Company to improve Gross Margin and overall performance. The business reported a statutory profit of £6.2m in the full year to 30 June 2021, which included £0.9m relating to the costs and provisions associated with the restructuring.

The financial year 2022 has started very well, continuing the trend of consecutive strong quarters in the second half of financial year 2021.

The Company's and Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company and Group should be able to operate within the level of its current facilities. On this basis the Directors are satisfied that the accounts have been correctly prepared on the going concern basis of accounting.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.3 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The Company has contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company adjusts the transaction prices of these contracts for the time value of money.

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Revenue is recognised when all performance obligations contained within a contract have been satisfied for which the recognition, timing and measurement vary across businesses. Judgements may be required to determine when all performance obligations have been satisfied and as a result the period in which revenue should be recognised.

Other income

Other income comprises of grants received, profit on the sale of assets and other sundry receipts.

Dividend and Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.4 Goodwill and intangible assets

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

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

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on a straight-line basis as follows:

Freehold buildings	2% per annum
Long-term leasehold land and buildings	Period of the lease
Plant and equipment	10-33% per annum
Property right-of-use assets	Over the right-of-use period

Freehold land is not depreciated.

Assets under construction are not depreciated until they are brought into use. Such assets are reviewed for signs of impairment in line with impairment policy as set out later in this section.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

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

1.6 Fixed asset investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

1.7 Finance costs

Finance costs are charged to the 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.

1.8 Impairment of tangible and intangible assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit (CGU) to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU's). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment losses in during the year have been quantified using the aforementioned methods and are detailed in note 16 of these financial statements.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost, for non-processed stock, is the average purchase price of the raw materials. Cost formula is based on FIFO. Processed ferrous stock is valued at the cost of the raw materials and attributable overheads for the stage of processing incurred. This allocation of overhead is based on the expected normal level of business activity. Non-ferrous processed stock, where cost cannot be determined, is valued at selling price less margin, based on normal levels of activity, which is deemed to be akin to cost. Net realisable value is based on estimated selling price less further processing costs and delivery charges, where applicable.

Valuation of inventories

Quantities of inventories are determined using various estimation techniques, including observation, weighing and other industry methods and are subject to periodic physical verification.

Net realisable value

The Company reviews its inventory at the end of each reporting period to determine if it is properly stated at net realisable value. Net realisable value is based on estimated future selling prices. Impairment losses may be recognised on inventory if management needs to reverse its estimates of net realisable value in response to changing market conditions.

1.10 Cash at bank and in hand

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.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.11 Financial assets

Financial assets are recognised, in accordance with IFRS 9, in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

IFRS 9 does not have a significant impact on the classification of financial assets or liabilities as the Company does not hold material financial assets or liabilities at fair value recognised in the profit and loss.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Financial assets at fair value through other comprehensive income

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

The company has made an irrevocable election to recognise changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognised initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to retained earnings when equity instrument is derecognised or its fair value substantially decreased. Dividends are recognised as finance income in profit or loss.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.12 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.14 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Certain derivative instruments, including the Company's forward commodity contracts, do not qualify for hedge accounting under IFRS 9 despite being valid economic hedges of the relevant risk despite the updated requirements for hedge accounting. Accordingly, any changes in fair value of the derivative instrument will continue to be recognised immediately in profit or loss and included in other income or expense. The effective portion of changes in the fair value of derivative that are designated and qualify as cash flow hedges will continue to be recognised in other comprehensive income and accumulated in the hedge reserve in equity.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.16 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.17 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.18 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as finance expense.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

The plan exposes the company to actuarial risks such as; market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk. The plan does not expose the company to any unusual plan-specific or company-specific risks.

The defined benefit plan is now closed to new entrants.

Currently there is a pension fund asset, the Trust Deed permits refunds of surplus monies subject to regulatory requirements and only when the members' benefits are sufficiently well secured such that the Scheme could afford to pay such a refund. As the balance sheet position is inherently volatile and is highly dependent on actual asset returns over the next year and changes in market conditions underlying the assumptions; no such refund is anticipated in the future.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.19 Share-based payments

The company participates in a long-term incentive scheme which rewards certain employees with share options or performance rights, in the form of shares in the ultimate parent company Sims Limited. The share options and performance rights are equity-settled, however the Board of Directors of the ultimate parent company retain the right to offer, a cash alternative. Equity based settled share-based payments are measured at fair value at the date of award and this value is subsequently updated at each balance sheet date for management's best estimate of the effect of non-market based vesting conditions, if any, on the number of equity instruments that will ultimately vest. The cost is recognised as an expense over the vesting period by calculating the cumulative expense and recognising the movement in the cumulative expense in the income statement. A corresponding entry is made to intercompany creditors, as the cost is recharged from the group company. The fair value of options and performance rights at grant date is independently determined using either a binomial model or a Monte-Carlo simulation model which takes into account any market related performance conditions. Non-market vesting conditions are not considered when determining fair value, but rather are included in the assumptions about the number of rights that are expected to vest. The fair value of restricted share units is determined based on the market price of the company's shares on the date of grant and the company's dividend yield. The weighted average share price at the date of exercise for share options exercised during the year was \$16.07 (2020: \$11.88) per share.

1.20 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within tangible fixed assets, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other tangible fixed assets. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

When the company acts as a lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees, over the major part of the economic life of the asset. All other leases are classified as operating leases. If an arrangement contains lease and non-lease components, the company applies IFRS 15 to allocate the consideration in the contract. When the company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately, classifying the sub-lease with reference to the right-of-use asset arising from the head lease instead of the underlying asset.

1.21 Grants

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Balance Sheet and are subsequently recognised in profit or loss on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the profit or loss in the periods in which the expenditure is recognised.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

1 Accounting policies

(Continued)

1.22 Foreign exchange

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. Nonmonetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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

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

1.23 Restructuring

Restructuring items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8);
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7);
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4); and
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

The adoption of the above amendments to the accounting standards had no material impact on the Company.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

Determination of potential impairment requires an estimation of the recoverable amount of the CGU's to which the goodwill and fixed assets with indefinite useful lives are allocated. The recoverable amount of each CGU is determined based on the higher of its value in use or fair value less costs to sell. These calculations require the use of assumptions such as discount rates, growth rates and other assumptions.

A further key area of management estimation is in the determination of the incremental borrowing rate in calculating lease liabilities under IFRS 16 where the rate implicit in the lease cannot be easily determined.

Critical accounting judgements in applying the Company's accounting policies

Deferred tax balances are recognised in respect of all temporary timing differences that have originated but not reversed by the balance sheet date, except that:

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the difference between 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 balance sheet date.

Determining whether to recognise the Deferred Tax asset has involved the consideration of the current strong trading performance outweighed by the 3-year and 5-year cumulative book loss position due to the significant FY20 loss. In addition to this, the UK market remains challenging and there will always be some uncertainty in the metals recycling industry as it is difficult to predict market price fluctuations or if there will be a global crisis that impacts the business.

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****3 Critical accounting estimates and judgements (Continued)****4 Turnover**

	2021	2020
	£'000	£'000
Turnover analysed by class of business		
Metals recycling	551,546	467,904
Recycling solutions	22,375	18,991
	<u>573,921</u>	<u>486,895</u>
	<u><u>573,921</u></u>	<u><u>486,895</u></u>
	2021	2020
	£'000	£'000
Turnover analysed by geographical market		
United Kingdom	116,352	116,063
Rest of the world	457,569	370,832
	<u>573,921</u>	<u>486,895</u>
	<u><u>573,921</u></u>	<u><u>486,895</u></u>

5 Other operating income

	2021	2020
	£'000	£'000
Government grant - Coronavirus Job Retention Scheme (CJRS)	1,328	2,070
Sundry income	226	112
	<u>1,554</u>	<u>2,182</u>
	<u><u>1,554</u></u>	<u><u>2,182</u></u>

The Coronavirus Job Retention Scheme (CJRS) is a government scheme set up to cover certain employment costs for employees who have been unable to work due to COVID-19.

6 Restructuring income/(costs)	2021	2020
	£'000	as restated £'000
Restructuring income/ (costs)	<u>1,170</u>	<u>(7,737)</u>
	<u><u>1,170</u></u>	<u><u>(7,737)</u></u>

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****7 Operating profit/(loss)**

	2021	2020
	£'000	£'000
Operating profit/(loss) for the year is stated after charging/(crediting):		
Net exchange losses	387	1,570
Research and development costs	114	529
Government grants	(1,328)	(2,070)
Fees payable to the company's auditor for the audit of the company's financial statements	189	223
Depreciation of property, plant and equipment	15,508	14,852
Profit on disposal of tangible fixed assets	(672)	-
Loss/(profit) on disposal of fixed asset investments	447	(9,987)
Profit on disposal of intangible assets	-	(1,743)
Cost of inventories recognised as an expense	452,176	419,223
Expense relating to short-term leases	983	1,334
Share-based payments	638	370
Impairment	5,857	38,889
Deferred tax asset write-off	116	34,067
	<u> </u>	<u> </u>

8 Auditor's remuneration

	2021	2020
	£'000	£'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	189	223
	<u> </u>	<u> </u>

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent Company.

Amounts paid in relation to other group companies were £13,200 (2020: £10,000).

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****9 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Production	378	476
Selling and administration	151	182
Management	140	155
	<hr/>	<hr/>
Total	669	813
	<hr/> <hr/>	<hr/> <hr/>

Their aggregate remuneration comprised:

	2021	2020
	£'000	£'000
Wages and salaries	26,604	29,314
Social security costs	2,893	2,874
Pension costs	1,965	1,625
	<hr/>	<hr/>
	31,462	33,813
	<hr/> <hr/>	<hr/> <hr/>

Redundancy payments in the year amount to £993,000 (2020: £779,000).

Share-based payments in the year amount to £638,000 (2020: £370,000).

10 Directors' remuneration

	2021	2020
	£'000	£'000
Remuneration for qualifying services	618	772
Amounts receivable under long-term incentive schemes	516	427
Company pension contributions to defined contribution schemes	43	24
	<hr/>	<hr/>
	1,177	1,223
	<hr/> <hr/>	<hr/> <hr/>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020: 3).

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****10 Directors' remuneration (Continued)**

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	286	398
Long-term incentive schemes	394	298
Company pension contributions to defined contribution schemes	25	8
Accrued pension at the end of the year	3	3
	<u> </u>	<u> </u>

11 Finance income

	2021	2020
	£'000	£'000
Interest income		
Interest on the net defined benefit asset	505	748
Income from fixed asset investments		
Income from shares in group undertakings	-	46,470
	<u> </u>	<u> </u>
Total income	<u>505</u>	<u>47,218</u>

12 Interest payable and similar expenses

	2021	2020
	£'000	£'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	502	1,140
Interest on other loans	520	109
	<u> </u>	<u> </u>
	1,022	1,249
Interest on other financial liabilities:		
Interest on lease liabilities	757	762
Net interest on the net defined benefit liability	450	715
	<u> </u>	<u> </u>
Total interest expense	<u>2,229</u>	<u>2,726</u>

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****13 Amounts written off investments**

2021	2020
	as restated
£'000	£'000

(Loss)/gain on disposal of fixed asset investments	(447)	9,987
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14 Tax on profit/(loss)

2021	2020
	as restated
£'000	£'000

Current tax

UK corporation tax on profits for the current period

21	-
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Adjustments in respect of prior periods

1,029	(121)
-------	-------

Total UK current tax

1,050	(121)
-------	-------

Deferred tax

Origination and reversal of temporary differences

1,230	(8,747)
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Changes in tax rates

-	(2,947)
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Deferred tax derecognition

116	34,067
-----	--------

1,346	22,373
-------	--------

Total tax charge

2,396	22,252
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SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****14 Tax on profit/(loss)****(Continued)**

The charge for the year can be reconciled to the profit/(loss) per the profit and loss account as follows:

	2021	2020
	£'000	as restated £'000
Profit/(loss) before taxation	7,528	(23,965)
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2020: 19.00%)	1,430	(4,553)
Effect of expenses not deductible in determining taxable profit	3,301	501
Income not taxable	(1,918)	(11,227)
Adjustment in respect of prior years	1,030	(121)
Effect of change in UK corporation tax rate	-	(2,946)
Other permanent differences	293	6,531
Deferred tax adjustments in respect of prior years	-	34,067
Deferred tax asset not recognised	(177)	-
Recognise provision against deferred tax asset and liability	(1,563)	-
Taxation charge for the year	2,396	22,252

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021	2020
	£'000	as restated £'000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(1,346)	1,376

On the 3rd March it was announced that the UK Corporation tax rate will be increased to 25% from 1 April 2023.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

15 Dividends

	2021	2020	2021	2020
Amounts recognised as distributions:	per share	per share	Total	Total
	£'000	£'000	£'000	£'000
Ordinary				
Final dividend paid	-	0.94	-	46,964

16 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2021	2020
	£'000	£'000
In respect of:		
Property, plant and equipment	994	5,243
Fixed asset investments	4,498	30,359
Leases	365	3,287

Impairment losses in respect of fixed asset investments were incurred following a review of expected future performance of subsidiary investments.

Residual impairment losses have been incurred as a result of annual reviews to determine any indication of impairment.

17 Intangible fixed assets

	Goodwill
	£'000
Cost	
At 1 July 2020	73,075
At 30 June 2021	73,075

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****17 Intangible fixed assets****(Continued)**

	Goodwill £'000
Amortisation and impairment	
At 1 July 2020	73,075
	<hr/>
At 30 June 2021	73,075
	<hr/>
Carrying amount	
At 30 June 2021	-
	<hr/> <hr/>
At 30 June 2020	-
	<hr/> <hr/>

SIMS GROUP UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2021

18 Tangible fixed assets

	Freehold buildings	Long-term leasehold land and buildings	Assets under construction	Plant and equipment	Plant and equipment right-of-use assets	Property right- of-use assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 July 2020 as restated	21,186	21,792	18,756	129,357	8,535	34,015	233,641
Additions	514	803	-	6,041	2,767	1	10,126
Disposals	(602)	(746)	(506)	(2,909)	(589)	(399)	(5,751)
At 30 June 2021	21,098	21,849	18,250	132,489	10,713	33,617	238,016
Accumulated depreciation and impairment							
At 1 July 2020 as restated	5,337	16,168	-	99,241	2,478	8,815	132,039
Charge for the year	644	1,443	-	7,984	3,088	2,349	15,508
Impairment loss	(6)	7	-	707	-	286	994
Disposals	(125)	(733)	-	(2,725)	(548)	(137)	(4,268)
At 30 June 2021	5,850	16,885	-	105,207	5,018	11,313	144,273
Carrying amount							
At 30 June 2021	15,248	4,964	18,250	27,282	5,695	22,304	93,743
At 30 June 2020 as restated	15,849	5,624	18,756	30,116	6,057	25,200	101,602

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****18 Tangible fixed assets****(Continued)**

More information on impairment movements in the year is given in note 16.

19 Investments

	Current		Non-current	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Investments in subsidiaries	-	-	48,428	48,749

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

The disposals relate to the sale of the European compliance scheme operations.

On the 31st October 2020 the investment in Sims Recycling Solutions FZE was sold.

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****19 Investments****(Continued)****Movements in fixed asset investments****Shares in
subsidiaries
£'000****Cost or valuation**

At 1 July 2020	128,169
Additions	4,624
Disposals	(1,001)

At 30 June 2021	131,792
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Impairment

At 1 July 2020	(79,420)
Impairment losses	(4,498)
Disposals	554

At 30 June 2021	(83,364)
-----------------	----------

Carrying amount

At 30 June 2021	48,428
At 30 June 2020	48,749

Additions arose as a result of recapitalisation of a subsidiary undertaking. The subsidiary was subsequently impaired due to the analysis of expected future performance.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

20 Subsidiaries

These financial statements are separate company financial statements for Sims Group UK Limited.

Details of the company's subsidiaries at 30 June 2021 are as follows:

Name of undertaking	Registered office	Principal activities	% Held
Sims Group Recycling Solutions Canada Ltd	1200-999 West Hastings Street, Vancouver, Canada	Electronic Scrap Recycling	100.00
Sims Lifecycle Services s.r.o	Hviezdoslavova 53, 62700 Brno-Slatina, Czech Republic	Holding Company	90.00
Sims Group German Holdings GmbH	Rathenaustraße 10, 59192 Bergkamen, Germany	Electronic Scrap Recycling	100.00
Sims Lifecycle Services BV	Waarderweg 60, 2031 BP Haarlem, Netherlands	Electronic Scrap Recycling	100.00
Sims Recycling Solutions Sp. z o.o	Bydgoszcz (85-463), ul. Lakowa 79, Poland	Electronic Scrap Recycling	100.00
Sims Recycling Solutions Holdings Inc	Illinois Corporation Service Company, 801 Adlai Stevenson Drive, Springfield, IL62703, United States	Electronic Scrap Recycling	100.00
Cooper Metal Recycling Limited *	Long Marston, Warwickshire, United Kingdom, CV37 8AQ, England and Wales	Electronic Scrap Recycling	100.00
Deane Wood Export Limited *	As above	Dormant	100.00
Dunn Brothers (1995) Limited *	As above	Dormant	100.00
Sims Metal Management UK Limited *	As above	Dormant	100.00
Sims Recycling Solutions Limited *	Irongray Business Park, Lochside Industrial Estate, Dumfries, DG2 0NR, Scotland	Dormant	100.00
United Castings Limited *	Long Marston, Warwickshire, United Kingdom, CV37 8AQ, England and Wales	Dormant	100.00
Sims Lifecycle Services GmbH (Indirect)	Im Weiherfeld 25, D-65462 Ginsheim-Gustavsburg, Germany	Electronic Scrap Recycling	100.00
Sims Recycling Solutions Inc (Indirect)	Illinois Corporation Service Company, 801 Adlai Stevenson Drive, Springfield, IL62703, United States	Electronic Scrap Recycling	100.00
Converge Engineering LLC (Indirect)	As above	Electronic Scrap Recycling	100.00
Kaystan Holdings Limited	Long Marston, Warwickshire, United Kingdom, CV37 8AQ, England and Wales	Dormant	100.00
Lord & Midgley Limited (Indirect)	As above	Dormant	100.00
Morley Waste Traders Limited (Indirect)	As above	Dormant	100.00
Sims Group UK Pension Trustees Limited	As above	Dormant	100.00

* These dormant companies were dissolved on 5 October 2021.

All shareholdings relate to ordinary shares.

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****21 Stocks**

	2021	2020
	£'000	£'000
Raw materials	17,814	9,196
Work in progress	75	-
Finished goods	63,197	29,059
	<u>81,086</u>	<u>38,255</u>

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

22 Debtors

	2021	2020
	£'000	as restated £'000
Amounts falling due within one year:		
Trade debtors	46,980	38,821
VAT recoverable	9,535	-
Amount owed by parent undertaking	111	111
Amounts owed by fellow group undertakings	14,192	18,988
Finance lease receivables	1,282	1,512
Other debtors	288	4,215
Prepayments and accrued income	3,992	2,429
	<u>76,380</u>	<u>66,076</u>

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

23 Creditors

	Notes	Due within one year		Due after one year	
		2021	2020	2021	2020
		as restated			
		£'000	£'000	£'000	£'000
Creditors	24	142,197	94,887	-	-
Taxation and social security		1,961	1,030	-	-
Derivative financial instruments		1,438	749	-	-
Lease liabilities	25	5,460	5,848	26,957	30,551
		<u>151,056</u>	<u>102,514</u>	<u>26,957</u>	<u>30,551</u>

24 Creditors

	2021	2020
	£'000	as restated £'000
Trade creditors	62,851	44,801
Amounts owed to subsidiary undertakings	34,655	34,120
Amounts owed to fellow group undertakings	33,565	11,979
Accruals and deferred income	7,344	3,382
Other creditors	3,782	605
	<u>142,197</u>	<u>94,887</u>

The Company has access to the Group's unsecured global multi-currency/multi-option loan facilities, all of which are subject to common terms. The amount of credit available is subject to limits from loan covenants as specified in the loan facilities.

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****25 Lease liabilities**

	2021	2020
	£'000	£'000
Maturity analysis		
Within one year	6,181	5,815
In more than one year to five years	14,596	15,132
In over five years	15,094	17,367
	<hr/>	<hr/>
Total undiscounted liabilities	35,871	38,314
Future finance charges and other adjustments	(3,454)	(1,915)
	<hr/>	<hr/>
Lease liabilities in the financial statements	32,417	36,399
	<hr/>	<hr/>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£'000	£'000
Current liabilities	5,460	5,848
Non-current liabilities	26,957	30,551
	<hr/>	<hr/>
	32,417	36,399
	<hr/>	<hr/>

	2021	2020
	£'000	£'000
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	757	762
	<hr/>	<hr/>

During the year the company incurred expenses of £983,000 (2020: £1,334,000) relating to short-term leases. Short-term leases are less than three months or ad-hoc spot hires, there is no commitment in relation to these leases.

The company had total cash outflows for leases of £8,562,000 (2020: £10,641,000).

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

26 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £'000	Retirement benefit obligations £'000	Other timing differences £'000	Total £'000
Deferred tax balance at 1 July 2020	-	-	-	-
Deferred tax movements in current year				
Credit to profit or loss	(1,631)	3,279	(303)	1,345
Credit to other comprehensive income	-	(1,345)	-	(1,345)
Deferred tax liability at 30 June 2021	<u>(1,631)</u>	<u>1,934</u>	<u>(303)</u>	<u>-</u>

27 Provisions for liabilities

	2021 £'000	2020 as restated £'000
Dilapidations	6,225	6,663
Onerous Contracts	3,073	9,456
Reorganisation	-	56
Holiday Pay	69	149
	<u>9,367</u>	<u>16,324</u>

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****27 Provisions for liabilities****(Continued)**

Movements on provisions:	Dilapidations	Onerous Contracts	Reorganisation	Holiday Pay	Total
	£'000	£'000	£'000	£'000	£'000
At 1 July 2020 as restated	6,663	9,456	56	149	16,324
Additional provisions in the year	308	238	134	273	953
Prior year current liabilities	347	-	-	20	367
Utilisation of provision	(479)	(574)	(56)	(169)	(1,278)
Reclassification	(614)	(6,047)	(134)	(204)	(6,999)
At 30 June 2021	<u>6,225</u>	<u>3,073</u>	<u>-</u>	<u>69</u>	<u>9,367</u>

Onerous contracts and dilapidation provisions relate to commitments for leasehold on sites where activity has ceased and contracts under which the Company has contracted minimum volume requirements at port facilities. The provisions are expected to be utilised in accordance with the length of the corresponding contracts of up to 20 years.

Reclassification includes adjustments to current liabilities and to tangible fixed assets in relation to lease impairments on right-of-use assets.

The onerous contracts provision has been discounted at a risk free rate of 0.82% (2020: 0.82%).
The remaining provision has not been discounted as the impact would be immaterial.

28 Retirement benefit schemes**Defined contribution schemes**

The company operates a defined contribution pension scheme.

The assets of the scheme are held separately from those of the company of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £888,367 (2020: £1,105,805). Contributions totalling £253,082 (2020: £227,700) were payable to the fund at the balance sheet date and are included in creditors.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

28 Retirement benefit schemes

(Continued)

Defined benefit pension surplus

The company operates a defined benefit pensions scheme

The defined benefit scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the respective companies, being invested as advised by independent pension fund advisers. Contributions are determined by a qualified independent actuary based on not more than triennial valuations using the attained age method. The combined contributions payable by the company and members will be 0% (2020 - 0%) of payroll (of which an average of 0% (2020 - 0%) is expected to be paid by members) plus additional contributions of £nil (2020 - £nil) per month.

Valuation

A full actuarial valuation of the Scheme was carried out as at 05 April 2018 and has been updated to 30 June 2021 by XPS Pensions.

	2021	2020
<i>Key assumptions</i>	%	%
Discount rate	1.90	1.45
Rate of inflation (RPI)	3.00	2.85
Rate of inflation (CPI)	2.35	2.10
RPI max 5%	2.90	2.80
RPI max 3%	2.40	2.30
	<u> </u>	<u> </u>
<i>Mortality assumptions</i>	2021	2020
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	21.1	21.6
- Females	23.5	23.9
	<u> </u>	<u> </u>
Retiring in 20 years		
- Males	22.3	22.9
- Females	25.0	25.4
	<u> </u>	<u> </u>

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****28 Retirement benefit schemes****(Continued)**

	2021	2020
	£'000	£'000
<i>Amounts recognised in the profit and loss account</i>		
Net interest on defined benefit liability/(asset)	(55)	(33)
Other gains and losses	49	-
	<u> </u>	<u> </u>
Total (income)/expense	<u>(6)</u>	<u>(33)</u>
	2021	2020
	£'000	£'000
<i>Amounts recognised in other comprehensive income</i>		
Actuarial changes arising from experience adjustments	(2,361)	647
Actuarial changes related to plan assets	1,970	(2,970)
	<u> </u>	<u> </u>
Total (income)/expense	<u>(391)</u>	<u>(2,323)</u>

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2021	2020
	£'000	£'000
Present value of defined benefit obligations	(28,516)	(31,599)
Fair value of plan assets	32,748	35,434
	<u> </u>	<u> </u>
Surplus in scheme	<u>4,232</u>	<u>3,835</u>

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

28 Retirement benefit schemes

(Continued)

	2021	2020
	£'000	£'000
<i>Movements in the present value of defined benefit obligations</i>		
At 1 July 2020	31,599	33,296
Current service cost	-	-
Benefits paid	(1,172)	(3,059)
Actuarial gains and losses	(2,361)	647
Interest cost	450	715
At 30 June 2021	28,516	31,599

The defined benefit obligations arise from plans which are wholly unfunded.

	2021	2020
	£'000	£'000
<i>Movements in the fair value of plan assets:</i>		
At 1 July 2020	35,434	34,775
Interest income	505	748
Return on plan assets (excluding amounts included in net interest)	(1,970)	2,970
Benefits paid	(1,172)	(3,059)
Other	(49)	-
At 30 June 2021	32,748	35,434

The actual return on plan assets was £1,465,000 (2020 - £3,718,000).

Sensitivity of the defined benefit obligations to changes in assumptions

Scheme obligations would have been affected by changes in assumptions as follows:

		2021	2020
Discount rate +/- 0.1% pa	- increase	1.7%	1.7%
	- decrease	1.7%	1.7%
Price Inflation +/- 0.1% pa	- increase	1.1%	1.2%
	- decrease	1.1%	1.2%
Assume members are 1 year younger for life - increase expectancy		4.6%	4.3%

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****28 Retirement benefit schemes****(Continued)**

The fair value of plan assets at the reporting period end was as follows:

	Quoted 2021 £'000	Unquoted 2021 £'000	Quoted 2020 £'000	Unquoted 2020 £'000
Equities & Diversified Growth	2,531	-	12,644	-
Corporate Bonds	3,839	-	5,381	-
Gilts	13,029	-	14,618	-
Cash	11,124	-	2,791	-
Multi-Sector Credit	242	-	-	-
Secure Income	2,157	-	-	-
Net Current Assets	(174)	-	-	-
	<u>32,748</u>	<u>-</u>	<u>35,434</u>	<u>-</u>

Information about the most recent actuarial valuation and expected future cashflows to and from the Scheme

The valuation as at 5 April 2018 revealed a funding deficit of £0.3m. In the Recovery Plan dated 5 December 2018 the Company agreed to pay contributions from April 2018 with the view to eliminating the shortfall by 30 September 2018.

In accordance with the Schedule of Contributions dated 5 December 2018 and 14 December 2020, the Company is expected to pay no further contributions over the next accounting period towards the deficit revealed by the 5 April 2017 valuation. The contributions paid by the Company are reviewed every 3 years as part of each formal actuarial valuation. The Scheme's next actuarial valuation as at 5 April 2021 is currently ongoing and due to be completed in April 2022.

In addition, the Company is expected to meet the cost of administrative expenses for the Scheme. This is with the exception of Scheme administration expenses accrued during 2021, excluding the PPF levy, which will be paid by the Employer initially but then refunded back to the Employer by the Scheme (net of VAT).

The liabilities of the Scheme are based on the current value of expected benefit payment cashflows to members approximately over the next 60 to 70 years. The average duration of the liabilities is approximately 17 to 18 years.

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****29 Called up share capital**

	2021	2020	2021	2020
	Number	Number	£'000	£'000
Ordinary share capital Issued and fully paid				
Ordinary of £1 each	50,000,000	50,000,000	50,000	50,000

30 Profit and loss reserves

	2021	2020
	£'000	as restated £'000
At the beginning of the year	60,589	152,823
Profit/(loss) for the year	5,132	(46,217)
Dividends	-	(46,964)
Actuarial differences recognised in other comprehensive income	391	2,323
Tax on actuarial differences	1,346	(1,376)
At the end of the year	<u>67,458</u>	<u>60,589</u>

31 Events after the reporting date

There were no subsequent events after the balance sheet date.

32 Related party transactions

In accordance with FRS 101, the company has taken advantage of the exemption available not to disclose transactions with other wholly owned group undertakings.

There are no other related party transactions outside of those with group undertakings.

33 Controlling party

The immediate parent company is Sims Group UK Holdings Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is Sims Limited, a company incorporated in Australia, which is the largest and smallest group to consolidate these financial statements. Copies of the group financial statements can be obtained from the Company Secretary at Suite 2, Level 9, 189 O'Riordan Street, Mascot, NSW 2020 Australia.

SIMS GROUP UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

34 Prior period adjustment

The financial statements include prior period adjustments in relation to the following:

- 1) Recognition of the correct profit on the sale of the European compliance scheme operations of £11,610,000. The adjustment has restated the other gains and losses in the income statement and retained earnings, as shown in note 13.
- 2) Correction of the tangible assets and amounts owed to subsidiary undertakings following the hive up of the trade and assets of Kaystan Holdings Limited, a subsidiary undertaking. The restatement recognises the hive-up of an additional £4,120,000 of tangible assets, which is solely in relation to land and buildings. It also aligns the amounts owed to the subsidiary undertakings to the net assets of the subsidiary at the point of hive-up, resulting in an increase in amounts payable to subsidiary undertaking of £4,595,000 and write-off to the income statement of the residual £395,000. A further erroneous entry of £12,617,000 was identified and reversed. Further details are shown in note 18, note 22 and note 24.
- 3) Following a subsequent review of all fixed asset investments and amounts receivable from, and payable to, subsidiary and fellow Group undertakings, a further write-off of amounts payable to subsidiary undertaking of £272,000 was identified, as shown in note 6.
- 4) The reclassification of lease impairment which was incorrectly included as an onerous lease provision and should have been recorded against the right-of-use asset. This has reduced provisions and right-of-use assets by £5,880,000.

SIMS GROUP UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 30 JUNE 2021****34 Prior period adjustment****(Continued)****Changes to the balance sheet**

	At 30 June 2020		
	Previously reported	Adjustment	As restated
	£'000	£'000	£'000
Fixed assets			
Tangible fixed assets	103,362	(1,760)	101,602
Amount owed by parent undertaking	-	111	111
Amounts owed by fellow group undertakings	20,355	(1,367)	18,988
Creditors due within one year			
Amounts owed to subsidiary undertakings	-	(34,120)	(34,120)
Amounts owed to fellow group undertakings	(54,201)	42,222	(11,979)
Provisions for liabilities	(22,204)	5,880	(16,324)
Net assets	<u>99,623</u>	<u>10,966</u>	<u>110,589</u>
Capital and reserves			
Profit and loss reserves	49,623	10,966	60,589
Total equity	<u>99,623</u>	<u>10,966</u>	<u>110,589</u>

Changes to the profit and loss account

	Period ended 30 June 2020		
	Previously reported	Adjustment	As restated
	£'000	£'000	£'000
Restructuring costs	(7,070)	(667)	(7,737)
Amounts written off investments	(1,623)	11,610	9,987
Loss for the financial period	<u>(57,160)</u>	<u>10,943</u>	<u>(46,217)</u>

For further details on the restatement, please refer to note 6 and note 13.