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Registered number: 04032689

INJECTION ALLOYS GLOBAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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INJECTION ALLOYS GLOBAL LIMITED

COMPANY INFORMATION

Directors

D Stekly
C Jackson
J Holthaus (appointed 24 August 2018)
J Becerra Cortes (appointed 24 August 2018)

Registered number

04032689

Registered office

The Way
Fowlmere
Royston
Hertfordshire
SG8 7QS

Independent auditors

haysmacintyre
10 Queen Street Place
London
EC4R 1AG

INJECTION ALLOYS GLOBAL LIMITED

CONTENTS

	Page
Group Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditors' Report	6 - 8
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Financial Position	10 - 11
Company Statement of Financial Position	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14 - 15
Notes to the Financial Statements	16 - 33

INJECTION ALLOYS GLOBAL LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

Business review

The group turnover was £17,370,554 in 2017, up £3,985,364 (30%) on 2016 (£13,385,190).

Our Business Units in Mexico, USA, South Africa and China largely met or bettered their 2017 plans, whilst the European (German) business unit missed plan in the first three quarters, but underwent a recovery and turnaround in the fourth quarter as a result of a significant restructuring and change in strategic direction. By year end, Germany was well on the way to recovery and profitability that should be sustainable through 2018.

Our royalty agreement with our Chinese partner continued to be strong during 2017 and by the end of 2017, we were nearing the point of commissioning for the new equipment that had been built by the partner, under our supervision.

Our plant in the USA exceeded expectations and a strong US economy helped us to make significant inroads to the US core wire market.

Our South African business unit again outperformed its business plan, despite senior management changes around the half year. During the second half of the year, we formalised our employee benefits trust and set the wheels in motion to sell 20% of the UK shares in this business, to the newly formed trust, under the guidance and rules of the South African Government BBEEE initiative. We agreed to set up this trust and join the initiative, as it was clear to us all that we would lose significant domestic business if we could not demonstrate that we were certified to a certain level under the BBEEE scheme. The final shares transfer did not take place in 2017, but is expected that this would be complete in the first quarter of 2018.

At a group management level, expenses were at expected levels. During the last quarter of 2017, the head office finalised the introduction of a new ERP system to the remaining 2 business units, meaning that the whole group was now fully integrated and operational on the NetSuite system, ready for the opening of the 2018 accounts.

FUTURE PROSPECTS

The group is in some ways largely dependant on growth and stability in the global steel making industry. However, having positioned ourselves as innovators and introducing new products that the industry is starting to acknowledge, we believe that our future prospects continue to be bright. During 2018, we plan to continue to focus on the market development for our "Hi-Core" range of products and to continue to market our products as genuine end to end value added products. The global region prospects are quite differing. We have very continued high hopes and ambitions in the USA as a settled domestic supplier. We expect to continue to be the strongest domestic suppliers in Mexico and South Africa and we expect to see quite good returns from our royalty agreement in China. In particular, we expect our German business unit to return to regular profitability and positive contribution to the group.

INJECTION ALLOYS GLOBAL LIMITED

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

Principal risks and uncertainties

Market Risks

Our number one risk is the stability and integrity of the steel industry. It is quite common for any supplier to hold a significant share of supply to a specific customer factory. As such, if that customer goes through any capacity consolidation process (which is a strong possibility given the depressed state of the industry) then there is a significant risk in that specific area.

Other risks include global exchange rates, political decision making in China (affecting our royalty agreement) and international trade and duty tariffs. "Brexit" is not considered a financial risk to the company at this stage.

As a risk that the whole industry continues to face is the reliance on China as a major supplier of Ferro Alloys and in particular calcium metal. Whilst the risk is a shared risk by the industry, any cessation of supply would hit our business strongly.

Operational Risk

For our Hi-Core range, we only have one manufacturing machine per unit. As such, equipment failure is a big risk. The group seeks to mitigate that risk by standardising our product range so that we can divert supplies from alternative business units in case needed.

By the nature of the Hi-Cal products, using pure calcium metal, there is a significant fire risk in each of the factories making that product. We have in place strong health and safety controls to minimise this risk.

Product risks

The products we make are used in critical stages of the steel making process. We mitigate the risk of failure by having very good quality control process and certification in place in all of our units (BS5750 or equivalent). We also state a no consequential damages clause in our terms of sale and have appropriate insurances in place.

Financial risk

The main financial risk to the company is exchange rate swing.

Other risks are international duty changes and collapse of the royalty agreement with the Chinese partner.

Potential liquidity risk, credit risk and sales revenues, will be mitigated through the development of careful and comprehensive strategic planning by the senior management group.

Financial key performance indicators

The following are the financial KPI's that we follow monthly and at 3 monthly senior management meeting of the whole group:

Sales – 2018 expected to be £21 to £24 millions

Gross margins – 15 to 18% of sales

Operating profit – expected to be £800,000 to £1,000,000

Net profit after all financial expenses including depreciation – around £400,000

Our capital expenditure in 2018 will be minimal with a positive cash flow in excess of £600,000

INJECTION ALLOYS GLOBAL LIMITED

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

Other key performance indicators

The group management board follow all the financial indicators and additionally regularly review the following:

- Health Safety and Environment. We have a robust accident reporting process and our statistics are significantly better than industry benchmarks. People are considered our number one asset and every management meeting is always opened with HSE and People issues as the number one topic.
- Numbers employed and contribution per employee.
- Shareholder satisfaction.
- Personal performance management processes.

From an external perspective, we regularly review the industry statistics as well as global raw material supply databases and trends.

Exchange rates are also reviewed on a weekly and monthly basis, although we do have an internal policy of observing and reporting only, with no hedging in place.

This report was approved by the board on 26 September 2018 and signed on its behalf.



C Jackson
Director

INJECTION ALLOYS GLOBAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £692,951 (2016 - loss £941,855).

No dividends were proposed or paid in the year to 31 December 2017 (2016: £nil).

Directors

The directors who served during the year were:

D Stekly
V Stekly (resigned 24 August 2018)
C Jackson

Disclosure of information to auditors

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

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

INJECTION ALLOYS GLOBAL LIMITED

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

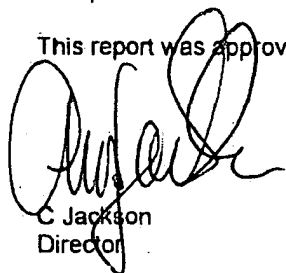
Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditors

The auditors, haysmacintyre, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26 September 2018 and signed on its behalf.



C Jackson
Director

INJECTION ALLOYS GLOBAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INJECTION ALLOYS GLOBAL LIMITED

Opinion

We have audited the financial statements of Injection Alloys Global Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2017 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

INJECTION ALLOYS GLOBAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INJECTION ALLOYS GLOBAL LIMITED (CONTINUED)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INJECTION ALLOYS GLOBAL LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INJECTION ALLOYS GLOBAL
LIMITED (CONTINUED)**

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.



David Cox (Senior Statutory Auditor)

for and on behalf of
haysmacintyre

10 Queen Street Place
London
EC4R 1AG

26 September 2018

INJECTION ALLOYS GLOBAL LIMITED

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

	Note	2017 £	2016 £
Turnover	4	17,370,554	13,385,190
Cost of sales		(14,312,505)	(10,762,214)
Gross profit		<u>3,058,049</u>	<u>2,622,976</u>
Administrative expenses		(3,632,959)	(3,353,966)
Operating loss	5	<u>(574,910)</u>	<u>(730,990)</u>
Interest receivable and similar income	9	11,228	6,745
Interest payable and expenses	10	(90,354)	(44,462)
Loss before taxation		<u>(654,036)</u>	<u>(768,707)</u>
Tax on loss	11	(38,915)	(173,148)
Loss for the financial year		<u>(692,951)</u>	<u>(941,855)</u>
Currency translation differences		69,754	(175,532)
Other comprehensive income for the year		<u>69,754</u>	<u>(175,532)</u>
Total comprehensive income for the year		<u>(623,197)</u>	<u>(1,117,387)</u>

The notes on pages 16 to 33 form part of these financial statements.

INJECTION ALLOYS GLOBAL LIMITED
REGISTERED NUMBER: 04032689

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	12	18,028	19,532
Tangible assets	13	3,302,482	3,448,301
		<u>3,320,510</u>	<u>3,467,833</u>
Current assets			
Stocks	15	2,451,857	2,142,810
Debtors	16	3,933,716	3,771,808
Cash at bank and in hand	17	449,675	891,995
		<u>6,835,248</u>	<u>6,806,613</u>
Creditors: amounts falling due within one year	18	(5,035,042)	(4,285,878)
Net current assets		<u>1,800,206</u>	<u>2,520,735</u>
Total assets less current liabilities		<u>5,120,716</u>	<u>5,988,568</u>
Creditors: amounts falling due after more than one year	19	(608,449)	(800,309)
Provisions for liabilities			
Deferred tax	21	(3,809)	(53,085)
Other provisions	22	(9,541)	(13,060)
		<u>(13,350)</u>	<u>(66,145)</u>
Net assets		<u><u>4,498,917</u></u>	<u><u>5,122,114</u></u>
Capital and reserves			
Called up share capital	23	2,800	2,800
Share premium account	24	2,420,731	2,420,731
Profit and loss account	24	2,075,386	2,698,583
		<u><u>4,498,917</u></u>	<u><u>5,122,114</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2018.


C. Jackson
Director

The notes on pages 16 to 33 form part of these financial statements.

INJECTION ALLOYS GLOBAL LIMITED
REGISTERED NUMBER: 04032689

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	14	3,668	3,668
		<u>3,668</u>	<u>3,668</u>
Current assets			
Debtors	16	2,316,503	2,339,661
Cash at bank and in hand	17	1,767	1,983
		<u>2,318,270</u>	<u>2,341,644</u>
Creditors: amounts falling due within one year	18	(25,750)	(25,000)
Net current assets		<u>2,292,520</u>	<u>2,316,644</u>
Total assets less current liabilities		<u>2,296,188</u>	<u>2,320,312</u>
Net assets		<u>2,296,188</u>	<u>2,320,312</u>
Capital and reserves			
Called up share capital	23	2,800	2,800
Share premium account	24	2,420,731	2,420,731
Profit and loss account	24	(127,343)	(103,219)
		<u>2,296,188</u>	<u>2,320,312</u>

The company made a loss in the year of £24,124 (2016: £23,147).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 September 2018.


G Jackson
Director

The notes on pages 16 to 33 form part of these financial statements.

INJECTION ALLOYS GLOBAL LIMITED

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2016	2,800	2,420,731	3,815,970	6,239,501
Loss for the year	-	-	(941,855)	(941,855)
Currency translation differences	-	-	(175,532)	(175,532)
At 1 January 2017	2,800	2,420,731	2,698,583	5,122,114
Loss for the year	-	-	(692,951)	(692,951)
Currency translation differences	-	-	69,754	69,754
At 31 December 2017	2,800	2,420,731	2,075,386	4,498,917

The notes on pages 16 to 33 form part of these financial statements.

INJECTION ALLOYS GLOBAL LIMITED

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2016	2,800	2,420,731	(80,082)	2,343,449
Loss for the year	-	-	(23,137)	(23,137)
At 1 January 2017	2,800	2,420,731	(103,219)	2,320,312
Loss for the year	-	-	(24,124)	(24,124)
At 31 December 2017	2,800	2,420,731	(127,343)	2,296,188

The notes on pages 16 to 33 form part of these financial statements.

INJECTION ALLOYS GLOBAL LIMITED

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

	2017 £	2016 £
Cash flows from operating activities		
Loss for the financial year	(692,951)	(941,855)
Adjustments for:		
Amortisation of intangible assets	1,504	78
Depreciation of tangible assets	427,381	505,162
Interest paid	90,354	44,462
Interest received	(11,228)	(6,745)
Taxation charge	38,915	173,149
(Increase)/decrease in stocks	(309,047)	554,644
(Increase)/decrease in debtors	(161,225)	311,614
Increase in creditors	220,968	72,115
Increase in amounts owed to immediate parent company	46,741	190,092
Decrease in provisions	(3,519)	(67,130)
Corporation tax paid	(82,207)	(140,211)
Net cash generated from operating activities	<u>(434,314)</u>	<u>695,375</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(2,556)
Purchase of tangible fixed assets	(281,563)	(650,330)
Sale of tangible fixed assets	-	260,120
Interest received	11,228	6,745
Net cash from investing activities	<u>(270,335)</u>	<u>(386,021)</u>

INJECTION ALLOYS GLOBAL LIMITED

(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Cash flows from financing activities		
Repayment of loans	(61,605)	(664,963)
Repayment of debenture loans	(191,860)	(102,007)
Interest paid	(90,354)	(44,462)
Net cash used in financing activities	<u>(343,819)</u>	<u>(811,432)</u>
Net decrease in cash and cash equivalents	<u>(1,048,468)</u>	<u>(502,078)</u>
Cash and cash equivalents at beginning of year	404,672	906,750
Cash and cash equivalents at the end of year	<u><u>(643,796)</u></u>	<u><u>404,672</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	449,675	891,995
Bank overdrafts	(1,093,471)	(487,323)
	<u><u>(643,796)</u></u>	<u><u>404,672</u></u>

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INJECTION ALLOYS GLOBAL LIMITED

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

1. General information

Injection Alloys Global Limited is a private limited company, incorporated in England and Wales (registered number: 04032689). Its registered office address is The Way, Fowlmere, Royston, Hertfordshire, SG8 7QS.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

INJECTION ALLOYS GLOBAL LIMITED

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

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

INJECTION ALLOYS GLOBAL LIMITED

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

2. Accounting policies (continued)

2.6 Interest income

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

2.7 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.8 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.9 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

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

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

INJECTION ALLOYS GLOBAL LIMITED

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

2. Accounting policies (continued)

2.10 Intangible assets

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

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

2.11 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Freehold property	- 2.5-5% straight line
Short-term leasehold property	- 2-5% straight line
Plant and machinery	- 7-20% straight line
Motor vehicles	- 12-25% straight line
Fixtures and fittings	- 10-33% straight line
Office equipment	- 7-33% straight line
Computer equipment	- 33% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

INJECTION ALLOYS GLOBAL LIMITED

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

2. Accounting policies (continued)

2.14 Debtors

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

2.15 Cash and cash equivalents

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

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

2.16 Creditors

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

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

INJECTION ALLOYS GLOBAL LIMITED

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

2. Accounting policies (continued)

2.18 Financial instruments

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

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

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

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

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

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

Bad debt provision

The Group do not have a consistent policy but individual entities have their own bad debt provision policies. These range from a case by case analysis of aged debtors to a provision of 0.85% across the total trade debtors based on historical rates of bad debts.

Stock provision

The Group does have a consistent policy but individual entities have their own stock provision policies. These range from a general review of the stock on an annual basis, to a policy of writing off 50% of all stock aged 12-24 months and 100% of stock over 24 months.

INJECTION ALLOYS GLOBAL LIMITED

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

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	2016 £
Sale of goods	17,370,554	13,385,190
	<u>17,370,554</u>	<u>13,385,190</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	204,984	182,637
Rest of Europe	3,163,413	2,384,477
Rest of the world	14,002,157	10,818,076
	<u>17,370,554</u>	<u>13,385,190</u>

5. Operating loss

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

	2017 £	2016 £
Research & development charged as an expense	-	22,466
Exchange differences	140,045	(75,053)
Other operating lease rentals	180,821	135,185
	<u>140,866</u>	<u>82,698</u>

6. Auditors' remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	25,750	25,000
Fees payable to the Group's auditor and its associates in respect of:		
Fees payable to the Group's auditor for the audit of the subsidiary's annual financial statements	5,250	5,000
Taxation compliance services	2,550	2,460
	<u>7,800</u>	<u>7,460</u>

INJECTION ALLOYS GLOBAL LIMITED

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

7. Employees

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

	Group 2017 £	Group 2016 £
Wages and salaries	1,452,424	1,301,879
Social security costs	296,112	243,085
Cost of defined contribution scheme	11,733	13,144
	<u>1,760,269</u>	<u>1,558,108</u>

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

	2017 No.	2016 No.
Employees	<u>113</u>	<u>112</u>

8. Directors' remuneration

	2017 £	2016 £
Directors' remuneration	294,000	376,000
	<u>294,000</u>	<u>376,000</u>

The highest paid director received remuneration of £133,000 (2016: £133,000).

The value of the company's contributions to a defined contribution pension scheme in respect of the highest paid director amounted to £nil (2016: £nil).

Key management are considered to be the directors of the business. Their remuneration is disclosed above.

9. Interest receivable

	2017 £	2016 £
Other interest receivable	11,228	6,745
	<u>11,228</u>	<u>6,745</u>

INJECTION ALLOYS GLOBAL LIMITED

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

10. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	73,363	41,072
Other loan interest payable	16,991	3,390
	<u>90,354</u>	<u>44,462</u>

11. Taxation

	2017 £	2016 £
Foreign tax		
Foreign tax on income for the year	88,190	169,180
	<u>88,190</u>	<u>169,180</u>
Total current tax	<u>88,190</u>	<u>169,180</u>
Deferred tax		
Origination and reversal of timing differences	(49,275)	3,968
Total deferred tax	<u>(49,275)</u>	<u>3,968</u>
Taxation on profit on ordinary activities	<u>38,915</u>	<u>173,148</u>

INJECTION ALLOYS GLOBAL LIMITED

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

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	(654,036)	(768,707)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(73,962)	(162,468)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	47,788	189,173
Non-taxable income	(14,025)	(16,025)
Adjustment to deferred tax rate	4,844	-
Deferred tax not recognised	89,522	-
Other differences leading to an increase/(decrease) in the tax charge	(15,252)	162,468
Total tax charge for the year	38,915	173,148

INJECTION ALLOYS GLOBAL LIMITED

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

12. Intangible assets

Group

	Computer software £	Goodwill £	Total £
Cost			
At 1 January 2017	20,092	154,105	174,197
At 31 December 2017	20,092	154,105	174,197
Amortisation			
At 1 January 2017	560	154,105	154,665
Charge	1,504	-	1,504
At 31 December 2017	2,064	154,105	156,169
Net book value			
At 31 December 2017	18,028	-	18,028
At 31 December 2016	19,532	-	19,532

INJECTION ALLOYS GLOBAL LIMITED

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

13. Tangible fixed assets

Group

	Freehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation								
At 1 January 2017	2,183,490	29,790	6,256,325	97,967	6,906	17,152	49,610	8,641,240
Additions	77,124	-	78,203	855	118,234	-	7,147	281,563
At 31 December 2017	2,260,614	29,790	6,334,528	98,822	125,140	17,152	56,757	8,922,803
Depreciation								
At 1 January 2017	659,646	2,151	4,431,928	37,958	6,305	13,227	41,724	5,192,939
Charge	72,679	14,436	288,920	13,157	34,084	1,507	2,598	427,381
At 31 December 2017	732,325	16,587	4,720,848	51,115	40,389	14,734	44,322	5,620,320
Net book value								
At 31 December 2017	1,528,289	13,203	1,613,680	47,707	84,751	2,418	12,435	3,302,483
At 31 December 2016	1,523,844	27,639	1,824,397	60,009	601	3,925	7,886	3,448,301

INJECTION ALLOYS GLOBAL LIMITED

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

14. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Injection Alloys Limited	Ordinary	100 %	Management of other group companies Manufacture and sale of consumables and services to the North American Steel Industry
Injection Alloys Mexico Ltd*	Ordinary	100 %	Manufacture and sale of consumables and services to the North American Steel Industry
Injection Alloys Incorporated*	Ordinary	100 %	Manufacture and sale of consumables and services to the North American Steel Industry
Injection Alloys GmbH Ltd*	Ordinary	100 %	Manufacture and sale of consumables and services to the North American Steel Industry
Injection Alloys South Africa Pty Ltd*	Ordinary	100 %	Sales and distribution of material produced by other Injection Alloys business units.
Injection Alloys China Ltd*	Ordinary	100 %	Re-sale of Injection Alloys products for a duty free zone in China
Compass Metsol China Ltd*	Ordinary	100 %	Re-sale of imported material from other Injection Alloys business units. Dormant since 2013
Injection Alloys India Pty Ltd*	Ordinary	100 %	

* Indirectly held.

The registered office address of the subsidiaries are as follows:

Injection Alloys Limited - The Way, Fowlmere, Royston, Hertfordshire, SG8 7QS, United Kingdom

Injection Alloys Mexico Ltd - Carr. Libre Querétaro-León km 4.6, lotes 13, 14 y 15. Malvas, Irapuato, GTO, México, 36547

Injection Alloys Incorporated - 1700 Made Industrial Drive, Middletown, OH. 45044

Injection Alloys GmbH Ltd - Neue Wamstedter Straße 13a, DE-06502 Thale / OT, Weddersleben

Injection Alloys South Africa Pty Ltd - 130 Main Reef Road, Manufacta, Roodepoort, South Africa

Injection Alloys China Ltd - Room 204, A6 Building, Cored City, Jingbin Industrial Park, Wuqing District, Tianjin, China

Compass Metsol China Ltd - Room 204, A6 Building, Cored City, Jingbin Industrial Park, Wuqing District, Tianjin, China

Injection Alloys India Pty Ltd - R-712, TTC Industrial Area, MIDC, Rabale, Navi Mumbai 400 701, India

INJECTION ALLOYS GLOBAL LIMITED

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

14. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2017	3,668
At 31 December 2017	<u>3,668</u>
Net book value	
At 31 December 2017	<u>3,668</u>
At 31 December 2016	<u><u>3,668</u></u>

15. Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Raw materials and consumables	1,641,359	1,243,733	-	-
Finished goods and goods for resale	810,498	899,077	-	-
	<u>2,451,857</u>	<u>2,142,810</u>	<u>-</u>	<u>-</u>

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

An impairment loss of £55,655 (2016 - £32,246) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

INJECTION ALLOYS GLOBAL LIMITED

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

16. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	3,353,677	3,198,501	-	-
Amounts owed by group undertakings	-	-	2,316,435	2,339,593
Other debtors	296,261	440,884	-	-
Prepayments and accrued income	280,169	132,423	68	68
Tax recoverable	3,609	-	-	-
	<u>3,933,716</u>	<u>3,771,808</u>	<u>2,316,503</u>	<u>2,339,661</u>

17. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	449,675	891,995	1,767	1,983
Less: bank overdrafts	(1,093,471)	(487,323)	-	-
	<u>(643,796)</u>	<u>404,672</u>	<u>1,767</u>	<u>1,983</u>

18. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	1,093,471	487,323	-	-
Bank loans	84,583	146,188	-	-
Trade creditors	1,708,592	1,589,456	-	-
Amounts owed to immediate parent company	937,640	890,898	-	-
Corporation tax	-	27,788	-	-
Other taxation and social security	43,632	33,049	-	-
Other creditors	715,332	932,506	-	-
Accruals and deferred income	451,792	178,670	25,750	25,000
	<u>5,035,042</u>	<u>4,285,878</u>	<u>25,750</u>	<u>25,000</u>

INJECTION ALLOYS GLOBAL LIMITED

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

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Debentures loans	608,449	800,309	-	-
	<u>608,449</u>	<u>800,309</u>	<u>-</u>	<u>-</u>

£183,333 is due on 1st June 2020 and has interest charged at a rate of 1% over LIBOR and payable on the date of repayment.

£250,000 is due on 1st January 2020 and has interest charged at a rate of 1% over LIBOR and payable on the date of repayment.

£175,116 is due on 1st January 2020 and has interest charged at a rate of 1% over LIBOR and payable on the date of repayment.

20. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>3,693,919</u>	<u>3,639,385</u>	<u>2,316,435</u>	<u>2,339,593</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(4,656,269)</u>	<u>(3,832,615)</u>	<u>(25,750)</u>	<u>(25,000)</u>

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

Financial liabilities measured at amortised cost comprise bank overdrafts, bank loans, trade creditors and other creditors.

INJECTION ALLOYS GLOBAL LIMITED

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

21. Deferred taxation

Group

	2017 £
At beginning of year	(53,084)
Charged to profit or loss	49,275
At end of year	<u>(3,809)</u>

At end of year

	Group 2017 £	Group 2016 £
Accelerated capital allowances	(3,809)	(53,084)
	<u>(3,809)</u>	<u>(53,084)</u>

22. Provisions

Group

	Customer warranty provision £
At 1 January 2017	13,060
Credited to profit and loss	(3,519)
At 31 December 2017	<u>9,541</u>

INJECTION ALLOYS GLOBAL LIMITED

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

23. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1,400 Ordinary Shares shares of £1 each	1,400	1,400
1,400 A Ordinary Shares shares of £1 each	1,400	1,400
	<u>2,800</u>	<u>2,800</u>

24. Reserves

Share premium account

The share premium account represents amounts paid for shares in excess of share capital.

Profit and loss account

The profit and loss account represents accumulated total comprehensive income and expenditure incurred by the Group.

25. Commitments under operating leases

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

	Group 2017 £	Group 2016 £
Not later than 1 year	26,556	21,675
Later than 1 year and not later than 5 years	13,146	-
	<u>39,702</u>	<u>21,675</u>

26. Related party transactions

The Group had an outstanding balance of £926,198 (2016: £890,898) due to its immediate parent company Biminvest SA at the year end.

27. Controlling party

The Directors do not consider there to be one controlling party. The immediate holding company is Biminvest SA, a company incorporated in Luxembourg.