

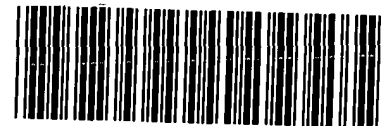
Company Registration No. 05044016

Energy Alloys UK Limited

Annual Report and Financial Statements

For the year ended 31 December 2022

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Energy Alloys UK Limited

Report and financial statements for the year ended 31 December 2022

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Energy Alloys UK Limited

Report and financial statements 2022

Officers and professional advisers

Director

N H Shah

Registered Office

Canklow Meadows Industrial Estate
West Bawtry Road
Rotherham
England
S60 2XL

Bankers

National Westminster
Bawtry Road
Wickersley
Rotherham
S66 1JY

IGF

Kingsgate
High Street
Redhill
Surrey
RH1 1SG

Solicitor

Irwin Mitchell LLP
Riverside East
2 Millsands
Sheffield
S3 8DT

Independent Auditor

MHA MacIntyre Hudson
Statutory Auditor
148 Edmund St
Birmingham
B3 2FD
United Kingdom

Energy Alloys UK Limited

Strategic Report (continued)

Business review and principal activities

The principal activity of Energy Alloys UK Limited ('the Company') during the year continued to be the supply and processing of special steels predominantly to the oil and gas sectors with the Downhole Drilling Market and the Wellhead Subsea Market remaining the primary focus.

The Company's profit for the year after taxation amounted to £188,905 (2021: loss of £1,468,820). The Directors do not recommend a final dividend (2021 nil).

2022 started with a stronger order book as the impact of COVID reduced and a more positive outlook from our key customers was evident. Raw material delays were experienced at the beginning of the year due to Brexit, but this was soon rectified and we continue to have very strong relationships with our key customers and consistently deliver in excess of 95% on-time. Order intake remained strong throughout the year and showed an increase of 33% when comparing with 2021.

It remains a challenge to seek skilled staff to support the realised growth, but we have been successful in carrying out extensive development programs and therefore being less reliant on bringing in fully skilled staff, to alleviate this.

Investment was made in our facility to allow us to re-locate all staff to one site and exit a lease for rented office space.

March 2022 saw a record sales number for the company and external sales revenue, excluding intercompany sales, for the full year in 2022 increased by 48% when comparing with 2021. Activity has increased further during the start of 2023.

The balance sheet on page 10 of the Financial Statements shows the Company's financial position at the year end. Net assets have increased from net liabilities of £7,423,481 as of 31 December 2021 to Net Assets of £10,249,390 as at 31 December 2022 due to the capital introduction of £17.5M given by its parent undertaking, part of which was used to repay loan and accrued interest amounts owed to a fellow subsidiary. Details of amounts owed from/to other group companies are shown in note 12 and note 13.

Key performance indicators

The Company use three key performance indicators to measure its performance. These indicators are as follows and are reviewed annually:

- Turn and earn index as a measure of inventory efficiency.
- EBITDA;
- Percentage of orders delivered on time.

The key performance indicators are reviewed annually, and targets adjusted accordingly.

The turn and earn index combine inventory turns and gross margin % and the target for 2022 was 36; same as for 2021.

The target for delivery to time performance is set at 90%.

Actual performance against prior year was as follows:

- Turn and earn index of 48 (2021: 36)
- EBITDA profit of £4,048,661 (2021: loss of £707,972)
- Delivery to time performance of 94% (2021: 87%)

The UK business also sets local indicators by department and employee that are aligned to these three indicators

Principal risks and uncertainties

Broadly speaking the Company's risk profile is unchanged. The Company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations. The principal risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Directors review and agree policies for managing each of these risks and they are summarised below. The policies remain unchanged from the previous year.

Energy Alloys UK Limited

Strategic Report (continued)

Interest rate risk

The Company finances its operations through a mixture of retained profits, and a balance of internal and external funding. The Company's exposure to interest fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. This is achieved through a balance of internal and external funding.

Currency risk

The Company is exposed to transaction and translation foreign exchange risk. During quarter four of 2022 group loan balances in foreign currency were repaid reducing the future risk significantly.

Credit risk

The Company purchases credit insurance to mitigate loss due to credit risk; the insurance covers both domestic and export trade. Only customers deemed to have fulfilled credit worthiness requirements and that have an appropriate payment history will be granted deferred terms.

Environment

The Group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with group policies, which are described in the Group's Annual Report, which does not form part of this Report.

Approved by the Board of Directors and signed on behalf of the Board



N H Shah

Director

Date: 3/31/23

Energy Alloys UK Limited

Directors' Report

The Directors present their Annual Report and the audited financial statements of Energy Alloys UK Limited for the year ended 31 December 2022.

DIRECTORS

N H Shah (appointed 20 September 2022)

M L Colbourne (resigned 21 September 2022)

Directors' indemnities

During the financial year, qualifying third party indemnity provisions for the benefit of all Directors of the Company were in force and continue to be in force at the date of this report.

AUDITOR

The Directors have taken all necessary steps to make themselves and the Company's auditor aware of any information needed in preparing the audit of the Annual Report and Financial Statements for the year and as far as each of the Directors are aware, there is no relevant audit information of which the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution for the re-appointment of MHA MacIntyre Hudson as the auditor of the Company is to be proposed.

INFORMATION PRESENTED IN OTHER SECTIONS

Certain information required to be included in a Directors' Report by Schedule 7 can be found in the other sections of the Annual Report, as described below. All of the information presented in these sections is incorporated by reference into this Directors' Report and is deemed to form part of this report.

- A description of the Company's financial risk management objectives and policies, and its exposure to risks arising from its use of financial instruments are set out in the Strategic Report along with Principal activities, future developments, and management KPI's

The Directors do not recommend a final dividend (2021: nil).

Approved by the Board of Directors and signed on behalf of the Board



N H Shah

Director

Date: 3/31/23

Energy Alloys UK Limited

Directors' responsibilities statement

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 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland". Under Company law the Directors must not approve the financial statements unless they are satisfied, 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 judgments and accounting estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Energy Alloys UK Limited

Independent Auditor Report

Opinion

We have audited the financial statements of Energy Alloys UK Limited (the 'Company') for the year ended 31 December 2022, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity, the Statement of cash flows and the related notes, including 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 Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Energy Alloys UK Limited

Independent Auditor Report

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 strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

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:

- Enquiry of management and those charged with governance around the actual and potential litigation and claims
- Performing audit work over the risk of management override of controls, including testing of large or otherwise unusual journal entries and other adjustments for appropriateness;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with the applicable laws and regulations;
- Review of legal and professional nominal accounts for indications of any actual or potential litigation;
- Review of accounting estimates for indications of management bias.
- Review of board minutes for evidence of any litigation or non-compliance with legislation

Energy Alloys UK Limited

Independent Auditor Report

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the Company's 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.



Christopher Barlow BFP FCA FCCA (Senior statutory auditor)
for and on behalf of
MHA MacIntyre Hudson (Statutory auditor)
Birmingham, United Kingdom

Date: 6 April 2023

Energy Alloys UK Limited

Profit and Loss Account

For the year ended 31 December 2022

	Notes	2022 £	2021 £
Turnover	3	20,933,192	15,654,232
Cost of sales		(16,077,176)	(14,042,202)
Gross profit		4,856,016	1,612,030
Administration expenses		(947,692)	(2,492,275)
Operating profit/(loss)		3,908,324	(880,245)
Interest receivable and similar income	8	1,320	7
Interest payable and similar charges	7	(3,720,739)	(588,581)
Profit/(loss) before taxation	4	188,905	(1,468,820)
Tax on profit/(loss)	9	-	-
Profit/(loss) for the financial year		188,905	(1,468,820)

All amounts relate to continuing activities.

The accompanying notes are an integral part of these financial statements.

There are no other items of income or expenditure other than the profit/(loss) for the financial year and therefore no Statement of other comprehensive income has been presented.

Energy Alloys UK Limited

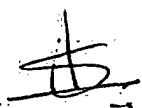
Balance Sheet

At 31 December 2022

	Notes	2022 £	2021 £
Fixed assets			
Tangible assets	10	<u>1,601,044</u>	<u>1,605,754</u>
Current assets			
Stocks	11	10,114,664	6,291,690
Debtors: amounts falling due within one year	12	5,706,749	12,349,276
Cash at bank and in hand		<u>1,173,210</u>	<u>256,933</u>
		16,994,623	18,897,899
Creditors: amounts falling due within one year	13	<u>(8,189,982)</u>	<u>(7,287,895)</u>
Net current assets		<u>8,804,641</u>	<u>11,610,004</u>
Total assets less current liabilities		10,405,685	13,215,758
Creditors: amounts falling due after more than one year	14	<u>(156,295)</u>	<u>(20,639,239)</u>
Net (liabilities)		<u>10,249,390</u>	<u>(7,423,481)</u>
Capital and reserves			
Called up share capital	16	2,679,100	2,679,100
Profit and loss account		(9,913,676)	(10,102,581)
Capital contribution reserve		<u>17,483,966</u>	<u>-</u>
Total equity shareholder's (deficit)		<u>10,249,390</u>	<u>(7,423,481)</u>

The financial statements of Energy Alloys UK Limited (registered number 05044016), were approved by the Board of Directors and authorised for issue on 3/31/2023

Signed on behalf of the Board of Directors



N H Shah
Director

Energy Alloys UK Limited

Statement of Changes in Equity

For the year ended 31 December 2022

	Called-up share capital £	Profit and loss account £	Capital contribution reserve £	Total £
At 1 January 2021	2,679,100	(8,633,761)	-	(5,954,661)
Loss and total comprehensive loss for the financial year	-	(1,468,820)	-	(1,468,820)
At 31 December 2021	2,679,100	(10,102,581)	-	(7,423,481)
Profit and total comprehensive income for the financial year	-	188,905	-	188,905
Capital contribution	-	-	17,483,966	17,483,966
At 31 December 2022	2,679,100	(9,913,676)	17,483,966	10,249,390

Energy Alloys UK Limited

Statement of cash flows

For the year ended 31 December 2022

	2022 £	2021 £
Profit/(loss) for the financial period	188,905	(1,468,820)
Adjustments for:		
Depreciation	140,336	129,730
Decrease/(increase) in debtors	6,552,527	(2,140,274)
Increase in creditors	1,100,115	1,324,939
(Increase)/decrease in stocks	(3,822,974)	1,123,586
Unrealised exchange losses	2,809,349	170,582
Interest charge	911,390	588,581
Interest received	(1,320)	(7)
Net cash inflow (outflow) from operating activities	7,878,328	(271,683)
Corporation taxation received	90,000	-
Net cash generated from/(used in) operating activities	7,968,328	(271,683)
Cash flows from investing activities		
Interest paid	(911,390)	(90,962)
Interest received	1,320	7
Purchase of tangible fixed assets	(135,626)	(145,905)
Net cash used in investing activities	(1,045,696)	(236,860)
Cash flows from financing activities		
(Repayment)/increase in short term borrowings	(573,028)	564,352
Increase in long term borrowings	750,000	302,061
Repayment of long-term borrowings	(23,667,293)	(428,421)
Capital contribution	17,483,966	-
Net cash (used in)/from financing activities	(6,006,355)	437,992
Net increase/(decrease) in cash and cash equivalents	916,277	(70,551)
Cash and cash equivalents at the beginning of the period	256,933	327,484
Cash and cash equivalents at the end of the period	1,173,210	256,933
Cash and cash equivalents consists of Cash at bank and in hand	1,173,210	256,933

Energy Alloys UK Limited

Statement of cash flows

For the year ended 31 December 2022

ANALYSIS OF NET DEBT

	01/01/2022	Cash flows	Foreign exchange	Non-cash Movements	31/12/2022
	£	£	£	£	£
Cash	256,933	916,277	-	-	1,173,210
Debt due within 1 year	(3,941,147)	573,028	-	(375,000)	(3,743,119)
Debt due after 1 year	(20,639,239)	22,917,293	(2,809,349)	375,000	(156,295)
	<u>(24,323,453)</u>	<u>24,406,598</u>	<u>(2,809,349)</u>	<u>-</u>	<u>(2,726,204)</u>

Energy Alloys UK Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

General information and basis of accounting

Energy Alloys UK Limited is a Company incorporated in the United Kingdom under the Companies Act 2006 limited by shares. The address of the registered office registered in England is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Energy Alloys UK Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. Foreign transactions are included in accordance with the policies set out below.

Going concern

On the basis of their assessment of the Company's financial position, access to financial resources, and consideration of the factors likely to affect its future performance the Company's Directors have concluded that the Company will be able to continue in operational existence and pay its liabilities as they fall due for the foreseeable future.

Turnover

Turnover is the invoice value of goods and services supplied excluding VAT and net of credits. Transactions are recorded as sales when the delivery of products or performance of services takes place in accordance with the contract terms of sale.

Tangible fixed assets

All fixed assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	–	3% per annum
Plant and machinery	–	10-33.3% per annum
Assets under construction	–	not depreciated

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Energy Alloys UK Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

a. Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

1. The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
2. The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
3. The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
4. There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods. Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit.
5. Deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
6. Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Energy Alloys UK Limited

Notes to the Financial Statements

For the year ended 31 December 2022

Financial instruments (continued)

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Invoice discounting

Cash availability is recognised as a liability on the balance sheet where the Company has a selling of receivables with recourse arrangement; the derecognition criteria having not been met.

The interest and service charge elements of the contract obligation are charged in the profit and loss account over the periods of the contract arrangements.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective Interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Stocks

Stocks are valued on a weighted average basis. Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete, slow moving and short items. For raw materials, work in progress and finished goods the cost includes material, freight and duty which is referred to as landed cost.

Energy Alloys UK Limited

Notes to the Financial Statements

For the year ended 31 December 2022

1. Accounting policies (continued)

Current taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful life. The capital elements of the future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Payments on operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Pensions

Pension costs represent the amount of contributions payable in respect of the accounting period.

2. Critical Accounting Judgements and Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

Critical judgements in applying the Company's accounting policies

It is the opinion of the Directors that there are no critical judgements required in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements, apart from those involving estimations which are dealt with separately below.

Energy Alloys UK Limited

Notes to the Financial Statements

For the year ended 31 December 2022

2. Critical Accounting Judgements and Sources of Estimation Uncertainty (continued)

Key source of estimation uncertainty - impairment of inventory

Determining whether inventory is impaired includes an estimation of saleable period length. The calculation requires the entity to estimate the optimum period length of inventory for sale and apply a write down percentage to the various sales period lengths.

3. Turnover

An analysis of the Company's turnover by type of business is set out below.

	2022 £	2021 £
Sale of goods	20,933,132	15,654,232
	<u>20,933,132</u>	<u>15,654,232</u>

An analysis of the Company's turnover by geographical market is set out below.

	2022 £	2021 £
United Kingdom	10,450,289	6,721,044
Europe	6,534,405	5,210,353
United States	369,394	15,902
Rest of the world	3,579,104	3,706,933
	<u>20,933,132</u>	<u>15,654,232</u>

Energy Alloys UK Limited

Notes to the Financial Statements

For the year ended 31 December 2022

4. Profit/(loss) before taxation

	2022 £	2021 £
Profit/(loss) before taxation is stated after charging/(crediting):		
Auditor's remuneration		
- Fees payable to the Company's auditor for the audit of the Company's annual financial statements	41,000	36,750
- taxation compliance services	4,775	4,500
Operating lease costs	13,948	98,637
Depreciation of owned fixed assets	140,337	129,730
Net (gain)/loss on trading foreign exchange transactions	(1,420,731)	164,741

5. Directors' remuneration

Directors received gross remuneration of £148,006 from the Company during the year (2021: £148,704).

6. Staff costs

	2022 £	2021 £
Wages and salaries	1,800,422	1,785,485
Social security costs	214,165	200,465
Pension costs (note 18)	98,858	99,962
	2,113,445	2,085,912

The average monthly number of employees during the year was made up as follows:

	2022 No.	2021 No.
Warehouse	24	23
Sales and administration	23	25
	47	48

Energy Alloys UK Limited

Notes to the Financial Statements

For the year ended 31 December 2022

7. Interest payable and similar charges

	2022 £	2021 £
Interest payable to group undertakings	714,905	459,636
Interest payable to other borrowings	196,485	128,945
Foreign exchange losses on group borrowings	2,809,349	-
	<u>3,720,739</u>	<u>588,581</u>

Interest payable to group undertakings consists of amounts charged by Energy Alloys Middle East Limited calculated at 2.50% above US base rate.

8. Interest receivable and similar income

	2022 £	2021 £
Interest receivable from other borrowings	<u>1,320</u>	<u>7</u>

9. Tax on profit/(loss)

The tax result comprises:

	2022 £	2021 £
Current tax on profit/(loss)		
UK corporation tax	-	-
Adjustments in respect of prior years		
UK corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Under provision in prior years	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total tax on profit/(loss)	<u>-</u>	<u>-</u>

The average standard rate of tax applied to reported profit is 19% (2021: 19%). There is no expiry date on timing differences, unused tax losses or tax credits.

Energy Alloys UK Limited

Notes to the Financial Statements

For the year ended 31 December 2022

9. Tax on profit/(loss) (continued)

The standard rate of UK corporation tax enacted at the year end was 25%. Accordingly, these rates have been used in the calculation of deferred tax balances as at 31 December 2022.

The difference between the total tax result shown above and the amount calculated by applying the average standard rate of UK corporation tax to the profit/(loss) before tax is as follows:

	2022 £	2021 £
Profit/(loss) before tax	188,905	(1,468,820)
Tax on loss at average standard UK corporation tax rate of 19% (2020: 19%)	35,892	(279,076)
- Expenses not deductible for tax purposes	11,908	6,562
- Change in rate of deferred tax	-	(376,809)
- Movement in deferred tax not recognised	(47,800)	649,323
Total tax result for year	-	-

Deferred tax assets of £1,457,995 (2021 - £1,570,038) have not been recognised as reversal is uncertain.

10. Tangible fixed assets

	Freehold property £	Plant and machinery £	Assets under construction £	Total £
Cost				
At 1 January 2022	2,721,018	4,506,558	188,106	7,415,682
Additions	135,626	-	-	135,626
Disposals	-	-	(188,106)	(188,106)
At 31 December 2022	2,856,644	4,506,558	-	7,363,202
Accumulated depreciation and impairment				
At 1 January 2022	1,221,092	4,400,730	188,106	5,809,928
Charge for the year	96,202	44,134	-	140,336
On disposals	-	-	(188,106)	(188,106)
At 31 December 2022	1,317,294	4,444,864	-	5,762,158
Net book value				
At 31 December 2022	1,539,350	61,694	-	1,601,044
At 31 December 2021	1,499,926	105,828	-	1,605,754

Energy Alloys UK Limited

Notes to the Financial Statements

For the year ended 31 December 2022

11. Stocks

	2022 £	2021 £
Raw materials and consumables	9,104,342	5,288,130
Work in progress	479,287	501,398
Finished goods and goods in transit	531,035	502,162
	<u>10,114,664</u>	<u>6,291,690</u>

The Directors consider the book value to be the equivalent of the replacement cost.

12. Debtors: amounts falling due within one year

	2022 £	2021 £
Trade debtors	3,655,006	3,311,736
Amounts owed by group undertakings	1,698,466	8,562,051
Other debtors	186,377	241,925
Prepayments and accrued income	166,900	233,564
	<u>5,706,749</u>	<u>12,349,276</u>

13. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	3,250,350	2,190,061
Amounts advanced under invoice discounting, revolving inventory loan and property loan facility	3,743,119	3,941,147
Amounts owed to group undertakings	37,332	498,474
Other taxes and social security costs	429,168	471,850
Accruals and deferred income	730,013	186,363
	<u>8,189,982</u>	<u>7,287,895</u>

Amounts advanced under invoice discounting, revolving inventory loan and property loan facility are secured on the assets of the Company by a debenture dated 7 February 2017, and by a group guarantee with certain other group entities. There is a fixed and floating charge over certain Company assets which include book debts, owned property and fixed assets.

Energy Alloys UK Limited

Notes to the Financial Statements

For the year ended 31 December 2022

14. Creditors: amounts falling due after more than one year

	2022 £	2021 £
Loans and accrued interest from group undertakings	-	20,496,432
Amounts advanced under property facility	156,295	142,807
	<u>156,295</u>	<u>20,639,239</u>

Amounts owed to group undertakings included an unsecured loan from Energy Alloys Middle East Limited which carries an interest rate of 2.5% above US base rate. The loan was repaid in full during the year.

15. Loans and other borrowings

Loans repayable, excluding accrued interest, included within creditors, are analysed as follows:

	2022 £	2021 £
Amounts advanced under invoice discounting and revolving inventory and property facility	3,899,414	4,083,954
Loans from group undertakings	-	17,289,963
	<u>3,899,414</u>	<u>21,373,917</u>

Maturity of debt of these amounts is as follows:

	2022 £	2021 £
Amounts repayable:		
In one year, or less, or on demand	3,743,119	3,941,147
Between one and five years	156,295	142,807
After more than five years	-	17,289,963
	<u>3,899,414</u>	<u>21,373,917</u>

16. Issued share capital

	No.	2022 £	No.	2021 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2,679,100	<u>2,679,100</u>	2,679,100	<u>2,679,100</u>

17. Reserves

The profit and loss represents accumulated realised undistributed profits.

The capital contribution reserve represents accumulated capital contributions by the parent undertaking.

Energy Alloys UK Limited

Notes to the Financial Statements

For the year ended 31 December 2022

18. Pensions

The Company participates in defined contribution pension schemes for the benefit of employees. The total contributions charged by the Company in respect of the year ended 31 December 2022 were £98,858 (2021: £99,962). The differences between the accumulated charge and the payments made to the scheme are dealt with in creditors and debtors as appropriate. As at 31 December 2022 there were unpaid pension contributions of £12,904 (2021: £15,165).

19. Other financial commitments

At 31 December 2021 the Company had total future minimum lease payments under non-cancellable operating leases as follows:

	2022		2021	
	Land and buildings £	Other £	Land and buildings £	Other £
Not later than one year	-	42,090	8,395	40,602
Later than one year and not later than five years	-	46,698	-	59,799
	<u>-</u>	<u>88,788</u>	<u>8,395</u>	<u>100,401</u>

20. Ultimate parent undertaking and controlling party

Energy Alloys UK Limited is a Company incorporated in England and Wales. The Company's immediate parent undertaking is Energy Alloys International Holdings BV, a Company registered in Holland.

The ultimate parent undertaking is BioUrja Group LLC, a Company registered in the USA.

The ultimate controlling party is Amit Bhandari.

21. Related party transactions

During the period the company made sales of £3,755,859 (2021 - £3,541,459) and purchased £826,401 (2021 - £421,263) from other group companies. Recharges of £1,691,564 (2021 - £1,161,843) were charged to other group companies.

Key management personnel remuneration was £148,006 (2021 - £148,704).