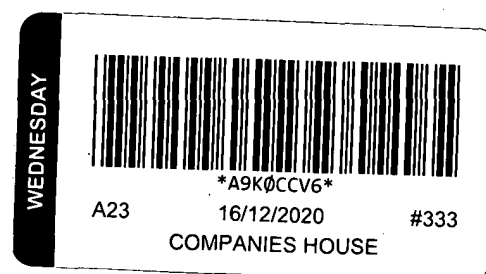


A.M. CASTLE METALS UK, LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2019



A.M. CASTLE METALS UK, LIMITED

REPORT AND FINANCIAL STATEMENTS 2019

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A.M. CASTLE METALS UK, LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P R Anderson
M E Edgar
D Roges
J Steele

SECRETARY

M E Edgar
A G Secretarial Limited

REGISTERED OFFICE

One St Peter's Square Manchester
United Kingdom
M2 3DE

BANKERS

National Westminster Bank plc
24 Deansgate
Bolton
BL1 1BN

AUDITOR

PM+M Solutions for Business LLP
New Century House
Greenbank Technology Park
Challenge way
Blackburn
Lancashire
BB1 5QB

STRATEGIC REPORT

The directors present their strategic report and directors' report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2019. The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company is that of a holding company. There have not been any significant changes in the company's principal activities in the year under review. It is anticipated that the company will remain a holding company for the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

The company has currently ceased trading. The directors do not consider there to be any risks or uncertainties facing the company other than the financial risks detailed below.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

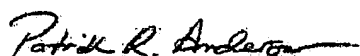
Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company relies upon its ultimate parent company in the US for support.

Approved by the Board of Directors on December 10, 2020 and signed on behalf of the Board



P R Anderson
Director

DIRECTORS' REPORT

The directors present their annual report and financial statements for the year ended 31 December 2019.

GOING CONCERN

Given the current economic circumstances and the guidance issued by the Financial Reporting Council, additional disclosures are presented in note 1 to the financial statements relating to the basis on which the directors have continued to adopt the going concern basis in preparing these financial statements.

DIVIDENDS

The directors could not recommend the payment of a dividend (2018: same).

DIRECTORS

The directors, who served throughout the year and thereafter, except as noted, were as follows:

- P R Anderson
- M E Edgar
- S W Scheinkman (resigned 28 June 2019)
- D Roges
- J Steele (appointed 28 June 2019)

Director's indemnities

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

DISABLED EMPLOYEES

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

AUDITOR

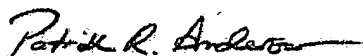
Deloitte resigned as auditor in the year. PM+M Solutions for Business LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006.

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

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

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

Approved by the Board of Directors on December 10, 2020 and signed on behalf of the Board:



P R Anderson
Director

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 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 of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report to the members of A.M. Castle Metals UK, Limited

Opinion

We have audited the financial statements of A.M. Castle Metals UK, Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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 UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 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 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 respect of these matters.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The directors' report has been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Castle Metals UK Limited (continued)

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 directors' report.

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.

PM+M Solutions for Business LLP

Helen Clayton BSc FCA (Senior statutory auditor)
For and on behalf of PM+M solutions for Business LLP
Chartered Accountants
Statutory Auditor

10 December 2020

New Century House
Greenbank Technology Park
Blackburn
Lancashire
BB1 5QB

A.M. CASTLE METALS UK, LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2019

| | Note | 2019 £ | 2018 £ |
|-------------------------------|------|-----------|-----------|
| Operating income | | - | 521,461 |
| OPERATING PROFIT | 4 | - | 521,461 |
| Finance costs (net) | 5 | - | (69,789) |
| PROFIT BEFORE TAXATION | 2 | - | 451,672 |
| Tax on ordinary activities | 6 | - | - |
| PROFIT AFTER TAXATION | | - | 451,672 |

The above results derive entirely from continuing operations.

There is no comprehensive income other than items included in the profit and loss account.

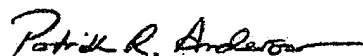
A.M. CASTLE METALS UK, LIMITED

BALANCE SHEET As at 31 December 2019

| | Note | 2019 £ | 2018 £ |
|--|------|--------------|--------------|
| FIXED ASSETS | | | |
| Investments | 7 | 4,093,375 | 4,093,375 |
| CREDITORS: amounts falling due within one year | 9 | (1,660,464) | (1,660,464) |
| NET CURRENT LIABILITIES | | (1,660,464) | (1,660,464) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 2,432,911 | 2,432,911 |
| CREDITORS: amounts falling due after more than one year | 10 | - | - |
| NET ASSETS | | 2,432,911 | 2,432,911 |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 11 | 1 | 1 |
| Other reserves | | 22,266,259 | 22,266,259 |
| Profit and loss account | | (19,833,349) | (19,833,349) |
| SHAREHOLDER'S EQUITY | | 2,432,911 | 2,432,911 |

The financial statements of A.M. Castle Metals UK, Limited, registered number 06396714, were approved by the board of directors and authorised for issue on December 10, 2020.

Signed on behalf of the Board of Directors



P R Anderson
Director

A.M. CASTLE METALS UK, LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

| | Called-up share capital £ | Other reserves £ | Profit and loss account £ | Total £ |
|--|--|---------------------------------|--|--------------------|
| At 31 December 2017 | 1 | 4,784,491 | (20,285,021) | (15,500,529) |
| Profit and total comprehensive expense for the financial year | - | - | 451,672 | 451,672 |
| Capital contribution following waiver of Intercompany debt | - | 17,481,768 | - | 17,481,768 |
| At 31 December 2018 | 1 | 22,266,259 | (19,833,349) | 2,432,911 |
| Profit and total comprehensive income for the financial year | - | - | - | - |
| At 31 December 2019 | 1 | 22,266,259 | (19,833,349) | 2,432,911 |

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. ACCOUNTING POLICIES

The principal accounting policies adopted are summarised below. They have all been applied consistently throughout the current year and preceding financial year.

General information and basis of accounting

A.M. Castle Metals UK, Limited is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England. The address of the registered office is given on page 1.

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

The functional currency of A.M. Castle Metals UK, Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

A.M. Castle Metals UK, Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. A.M. Castle Metals UK, Limited is consolidated in the financial statements of its ultimate parent undertaking, A.M. Castle & Co, which may be obtained from A.M. Castle & Co., 1420 Kensington Road, suite 220, Oak Brook, IL60523, USA. Exemptions have been taken in these separate company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Consolidation

The company is exempt, under s401 of the Companies Act 2006, from the requirement to prepare consolidated financial statements on the basis that its parent undertaking, A.M. Castle & Co., publishes consolidated financial statements which include the results of A.M. Castle Metals UK, Limited. Copies of these financial statements can be obtained from A.M. Castle & Co., 1420 Kensington Road, Suite 220, Oak Brook, IL 60523, USA.

Going concern

As at 31 December 2019 the company had net assets of £2,432,911, of which the current portion constituted a net liability of £1,660,464. The current liability is with the UK operating company and will not be settled in cash, therefore is not a concern of management. In discharging their duties in respect of going concern, the directors have carried out a review of the company's and its group's financial position and cash flow forecast for a period of twelve months from the date of signing these financial statements. This review has been based on a comprehensive forecast of revenue, expenditure and cash flows, taking into account specific business risks and the uncertainties brought about by the current economic environment.

The current economic conditions create uncertainty particularly over (a) the level of demand for the group's products; (b) the exchange rate between sterling and US dollars, and (c) the availability of bank finance in the foreseeable future.

The company has obtained written confirmation from its ultimate parent undertaking, AM Castle & Co., that AM Castle & Co. will continue to provide support to the company for the foreseeable future, being at least 12 months from the date of signing of these financial statements. In addition, A.M. Castle & Co. has provided written confirmation that it will not call in for repayment any intercompany facilities or balances from the company in order to enable the company and the group to continue in operational existence for the foreseeable future.

Having completed this review, the directors have reached the conclusion that the company is able to manage its business risks in the current uncertain economic climate. Thus, the directors continue to adopt the going concern basis in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

Investments

Fixed asset investments in subsidiary undertakings are stated at cost less provision for impairment. Cost represents the aggregate cost consideration, costs incurred and either the fair value or the nominal value of shares issued.

Interest Payable

Interest expense is accrued monthly on outstanding intercompany loan balances with the parent.

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.

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.

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

- (a) 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.
- (b) 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.
- (c) 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).
- (d) 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 year or prior years.
- (e) 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

1. ACCOUNTING POLICIES (continued)

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 tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in the business is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

Foreign currency translation

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rates ruling when the transactions were entered into. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the exchange rates ruling at that date. Exchange gains or losses are included in the profit and loss account and disclosed within operating income and expenses, as appropriate.

2. CRITICAL ACCOUNTING JUDGEMENTS

In the application of the company's accounting policies, which are described above, 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 on-going 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. There are no critical accounting judgements.

Key sources of estimation uncertainty

Impairment of investment

Determining whether an investment is impaired requires an estimation of the present value of future cash flows of the investment. This requires the entity to estimate the future cash flows expected to arise from the investment and a suitable discount rate in order to calculate present value. The company has an investment in its subsidiary in France of £4,093,375. The future cash flows were forecast and discounted at a discount rate of 12.0%. Based upon this review no impairment was required as at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit before taxation, all of which arises in the United Kingdom is wholly attributable to the company's principal activities.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

There were no individuals employed by the company during the year (2018: same). Directors were remunerated by other companies within the group, and it was not practical to determine the element of their remuneration relating to this company.

4. OPERATING PROFIT

| | 2019 £ | 2018 £ |
|--|-----------------------------|-----------------------------|
| Operating profit is stated after crediting: | | |
| Foreign exchange gain on intercompany loan | - | 521,461 |
| | <u> </u> | <u> </u> |

No fee has been allocated to the audit of this company as it has been borne by other companies. The directors estimate a fee of £5,000 (2018: same) would have been allocated if it had been recharged. No non audit fee has been allocated to this company as it has been borne by other companies. The directors estimate a fee of £1,000 (2018 same) in relation to tax compliance work would have been allocated if it had been recharged.

5. FINANCE COSTS (NET)

| | 2019 £ | 2018 £ |
|---------------------------------------|-----------------------------|-----------------------------|
| Intercompany loan interest receivable | - | 32,192 |
| Intercompany loan interest payable | - | (101,981) |
| | <u> </u> | <u> </u> |
| | - | (69,789) |
| | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2019

6. TAX ON ORDINARY ACTIVITIES

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Current year tax | | |
| Current year tax charge | - | - |
| Deferred tax | | |
| Deferred tax charge in current year | - | - |
| | <u>-</u> | <u>-</u> |
| Total tax on ordinary activities | <u>-</u> | <u>-</u> |

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

| | 2019 £ | 2018 £ |
|---|-----------|-----------------|
| Profit on ordinary activities before tax | - | 451,672 |
| | <u>-</u> | <u>451,672</u> |
| Tax on loss on ordinary activities at standard UK corporation tax rate of 19% (2018: 19.0%) | - | 85,818 |
| Effects of: | | |
| Non-taxable income | - | (85,818) |
| | <u>-</u> | <u>(85,818)</u> |
| Total tax for the year | <u>-</u> | <u>-</u> |

The standard rate of tax applied to reported loss on ordinary activities is 19 per cent (2018: 19 per cent). The applicable tax rate has changed following the substantive enactment of the Finance Act 2016. Accordingly, the rate of 19 per cent has been applied in the measurement of the company's deferred tax assets and liabilities as at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

7. FIXED ASSET INVESTMENTS

| | Shares in group undertakings £ |
|-----------------------------------|--------------------------------------|
| Cost | |
| At 1 January 2019 | 4,093,375 |
| Additions | - |
| At 31 December 2019 | 4,093,375 |
| Provisions for impairment | |
| At 1 January and 31 December 2019 | - |
| Net book value | |
| At 31 December 2019 | 4,093,375 |
| At 31 December 2018 | 4,093,375 |

The subsidiary undertakings of the company at 31 December 2019 were as follows:

| Company | Country of incorporation | Principal activities | % Holding of ordinary share capital |
|--------------------------------------|-----------------------------|----------------------|---|
| Castle Metals UK Limited | UK | Dormant | 100 |
| Castle Metals France | France | Aerospace supplier | 100 |
| E.Harding & Sons Limited | UK | Dormant | 100 |
| K.K.S. (Stainless steel) Co. Limited | UK | Dormant | 100 |
| Loks Plasma Services Limited | UK | Dormant | 100 |
| Aerospace Metals Europe S.A | Spain | Dormant | 100 |
| Metals Group Incorporated | USA | Dormant | 100 |
| Tierney Metals Limited | UK | Dormant | 100 |

The registered offices are the same as the parent company, with the exception of Castle Metals France which has its registered office at ZI Le Pre Cadeau, 44550 Montoir de Bretagne.

8. DEFERRED TAXATION

Potential deferred tax assets not recognised consist of:

| | 2019 £ | 2018 £ |
|----------------------------|-----------|-----------|
| Tax losses carried forward | 8,459 | 8,459 |

The deferred tax asset above has not been recognised since the directors cannot reasonably be sure that there will be suitable taxable profits in the company against which to recover the tax benefit in the foreseeable future.

A.M. CASTLE METALS UK, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2019

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2019 | 2018 |
|-----------------------------------|-----------|-----------|
| | £ | £ |
| Amounts due to group undertakings | 1,660,464 | 1,660,464 |

Amounts due to group undertakings are due for payment in less than one year and are non-interest bearing.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2019 | 2018 |
|-----------------------------------|------|------|
| | £ | £ |
| Amounts due to group undertakings | - | - |

The amounts owed to group undertakings related to intercompany loans, which were waived and capitalized into equity as a capital contribution in 2019. The loan was payable to the company's parent company, A.M. Castle & Co. The balance outstanding at 31 December 2019 is £nil (2018: £nil). Interest was charged on this loan at 2% above LIBOR.

11. CALLED-UP SHARE CAPITAL

| | 2019 | 2018 |
|------------------------------------|------|------|
| | £ | £ |
| Called up, allotted and fully paid | | |
| 1 ordinary share of £1 | 1 | 1 |

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserves are as follows:

Other reserves represent a capital injection in 2008. Intercompany debt was capitalized into equity as a capital contribution in 2019 following the waiver of the intercompany debt.

12. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The immediate and ultimate holding company and controlling party is A.M. Castle & Co., which is registered in the United States of America. A.M. Castle & Co. is the largest and smallest group into which the company's results are consolidated. Copies of the ultimate holding company's financial statements are available from A.M. Castle & Co., 1420 Kensington Road, Suite 220, Oak Brook, IL 60523, USA.