Bridgnorth Aluminium Limited

Annual report and financial statements

Registered number 4155640

For the year ended 31 December 2015

Contents

Strategic report

In 2015 the company achieved further volume growth of 5% compared to the previous year and set a new record performance. Demand conditions for the company were generally stable, but the company was able to grow sales in the foilstock and multi-slit products segments.

During the year the company continued engineering work on its major expansion programme. The new lithographic finishing line entered production in January 2016 and the additional cold rolling mill commenced production in April 2016.

As a result of the increased capacity and in order to manage the capital investment projects, the company created 52 new jobs.

Reported profitability was adversely affected by the sharp reduction in aluminium ingot premium prices. On an underlying basis, the adjusted EBITDA was similar to the previous year.

The company's key financial performance indicators during the year were as follows:

	2015 **£000**	2014 £000	% Change
Turnover	**179,624**	175,499	+2%
Gross profit	**15,484**	19,642	-21%
Operating profit	**7,986**	13,198	-39%
Profit after tax	**5,721**	9,675	-41%
EBITDA	**12,682**	17,006	-25%
Adjusted EBITDA*	**14,501**	14,486	+0%
Shareholders' funds	**86,078**	83,183	+3%
Net debt/EBITDA	**0.52**	0.70	+26%

* Adjusted EBITDA excludes the effects of metal hedging and aluminium ingot prices

Turnover increased by 2% as a result of higher sales volumes. The gross profit margin decreased from 11.2% to 8.6%. The operating profit margin also decreased from 7.5% to 4.4%.

Profitability was adversely affected by a significant fall in metal premiums during the year.

The company continued to closely monitor and control working capital (inventory, trade debtors and trade creditors) during 2015, working capital as a percentage of sales decreased from 31.1% to 24.4% as a result of lower inventory and debtors and higher creditors.

The level of shareholders' funds increased by 3% during the year, due to the increase in retained earnings.

Principal risks and uncertainties

Metal price risks

The company sells finished products and buys aluminium raw materials priced on the London Metal Exchange ("LME"). The company has, together with its parent, developed hedging procedures designed to manage the risk of metal price volatility on the LME.

Foreign exchange risks

The company has a high percentage of sales and purchases in currencies other than GBP. The company has a policy of forward selling or purchasing the known net currency exposures for sales and purchase contracts, so as to protect the business from margin erosion after contract commitments have been agreed.

Interest rate risks

Interest rate swaps are used by the company to adjust interest rate exposures in order to guarantee fixed interest payments where payments are variable, hence reducing exposure to interest rate movements.

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Credit risk

The company has a credit review mechanism which allows deferred payment terms to certain customers with good historic payment records. In addition, the company seeks to further minimise credit risk by taking out credit insurance policies covering credit risks with customers.

Price risk

The company's exposure to the risk of the two elements of its selling price, metal and conversion, are managed by the use of LME futures for the metal price and forward sales contracts for the conversion price.

Liquidity risk

Long term debt, receivables and overdraft facilities are used by the company to manage liquidity risk. The company also aims to reduce liquidity risk by managing working capital, investments and operations within strict target levels.

Cash flow risk

The company manages cash flow risk, where significant, by the use of derivatives as explained above.

Future developments

At the time of writing the UK has just voted to leave the EU. Whilst it is too early to fully know the implications of this on the company, the directors predict a period of volatility in international markets and are attempting to safeguard the company's interests accordingly.

The company anticipates further growth in its sales volumes in future years as a result of the improved product capability and additional capacity resulting from the major expansion programme.

By order of the board

M Richards
Secretary

6th July 2016

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2015.

Principal activities

The company is a 75% owned subsidiary of Viohalco SA, a company registered in Belgium. The company is also 25% owned by UACJ Corporation, a company registered in Japan.

The company continues to manufacture aluminium coils for the lithographic printing industry, as well as other aluminium flat rolled products, including foilstock coils for the foil rolling industry.

Going concern

The directors consider that the company has adequate resources to continue in operation for the foreseeable future. In forming this view, the directors have reviewed budgets and other financial information. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Creditor payment policy and practice

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with. At 31 December 2015, the company had an average of 14 days *(2014: 12 days)* purchases outstanding in trade creditors.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has continued, employees are encouraged to present their suggestions and views on the company's performance. Regular meetings are held between management and employees to allow free flow of information and ideas.

Results

The profit and loss account is set out on page 8 and shows a profit for the financial year of £5,721,000 *(2014: £9,675,000)*.

Dividends

No dividend was paid during the year *(2014: £Nil)*. The directors do not recommend the payment of a final dividend *(2014: £Nil)*.

Directors

The directors who held office during the year and subsequently were as follows:

D Peden	(Chairman)
C Catsaros	
J Attas	
S MacVicker	
Y Angelis	(resigned 22 May 2015)
L Varouchas	
T Nakano	
T Kawashima	
A Angelopoulos	(appointed 22 May 2015)

Directors' report *(continued)*

Charitable contributions

The company made charitable donations of £10,336 during the year *(2014: £10,950).*

Directors' liabilities

The company has granted an indemnity to one or more directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

M Richards
Secretary

Stourbridge Road
Bridgnorth
Shropshire
WV15 6AU

6TH July 2016

Statement of directors' responsibilities in respect of the Strategic report, Directors' Report and the financial statements

The directors are responsible for preparing the strategic report, directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including *FRS 101 Reduced Disclosure Framework.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Independent auditor's report to the members of Bridgnorth Aluminium Limited

We have audited the financial statements of Bridgnorth Aluminium Limited for the year ended 31 December 2015 set out on pages 8 to 28. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including *FRS 101 Reduced Disclosure Framework.*

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Bridgnorth Aluminium Limited *(continued)*

Matters on which we are required to report by exception

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.

Stuart Wood (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

6th July 2016

Profit and loss account and other comprehensive income
for the year ended 31 December 2015

	Note	2015 £000	2014 £000
Turnover	*2*	**179,624**	175,499
Cost of sales		**(164,140)**	(155,857)
Gross profit		**15,484**	19,642
Distribution costs		**(4,435)**	(3,744)
Administrative expenses		**(2,783)**	(2,511)
Other operating expenses		**(280)**	(189)
Operating profit	*3*	**7,986**	13,198
Interest receivable and similar income	*6*	**3**	20
Interest payable and similar charges	*7*	**(795)**	(639)
Profit on ordinary activities before taxation		**7,194**	12,579
Tax on profit on ordinary activities	*8*	**(1,473)**	(2,904)
Profit for the financial year		**5,721**	9,675
Items that are or may be reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges		**(3,544)**	1,732
Income tax on items that are or may be reclassified subsequently to profit or loss	*8*	**718**	(318)
Other comprehensive income for the year, net of income tax		**(2,826)**	1,414
Total comprehensive income for the year		**2,895**	11,089

Balance sheet
at 31 December 2015

	Note	**2015 £000**	**£000**	2014 £000	£000
Fixed assets					
Tangible assets	*9*		**71,845**		43,110
Derivative financial instruments			**-**		576
Current assets					
Stocks	*10*	**31,398**		36,935	
Debtors	*11*	**20,931**		24,677	
Cash at bank and in hand	*12*	**141**		5,169	
Derivative financial instruments	*18*	**2,145**		3,291	
		54,615		70,072	
Current liabilities					
Creditors: amounts falling due within one year	*13*	**(22,342)**		(10,284)	
Derivative financial instruments	*18*	**(841)**		(560)	
Net current assets			**31,432**		59,228
Total assets less current liabilities			**103,277**		102,914
Non-current liabilities					
Creditors: amounts falling due after more than one year	*14*	**(14,000)**		(17,000)	
Derivative financial instruments	*18*	**(281)**		(106)	
			(14,281)		(17,106)
Provisions for liabilities					
Deferred tax liability	*17*	**(1,918)**		(1,625)	
Other provisions	*16*	**(1,000)**		(1,000)	
			(2,918)		(2,625)
Net assets			**86,078**		83,183
Capital and reserves					
Called up share capital	*19*		**29,333**		29,333
Share premium account			**6,667**		6,667
Other reserves			**(578)**		2,248
Profit and loss account			**50,656**		44,935
Equity shareholders' funds			**86,078**		83,183

These financial statements were approved by the board of directors on 6th July 2016 and were signed on its behalf by:

Derek Peden
Director

Company registered number: 04155640

Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Cash flow hedging reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2014	29,333	6,667	834	35,260	72,094
Total comprehensive income for the period					
Profit or loss	-	-	-	9,675	9,675
Other comprehensive income	-	-	1,414	-	1,414
Total comprehensive income for the period	-	-	1,414	9,675	11,089
Balance at 31 December 2014	29,333	6,667	2,248	44,935	83,183
Balance at 1 January 2015	29,333	6,667	2,248	44,935	83,183
Total comprehensive income for the period					
Profit or loss	-	-	-	5,721	5,721
Other comprehensive income	-	-	(2,826)	-	(2,826)
Total comprehensive income	-	-	(2,826)	5,721	2,895
Balance at 31 December 2015	29,333	6,667	(578)	50,656	86,078

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Bridgnorth Aluminium Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 23.

The Company's ultimate parent undertaking, Viohalco SA includes the Company in its consolidated financial statements. The consolidated financial statements of Viohalco SA are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the offices of Viohalco SA which are located at 30 Avenue Marnix, 1000 Brussels, Belgium.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of Key Management Personnel; and

As the consolidated financial statements of Viohalco SA include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 1 January 2014 for the purposes of the transition to FRS 101

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: [derivative financial instruments, financial instruments classified as fair value through the profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern

The directors consider that the company has adequate resources to continue in operation for the foreseeable future. In forming this view, the directors have reviewed budgets and other financial information. For this reason they continue to adopt the going concern basis in preparing the financial statements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

1.4 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Non-derivative financial instruments (continued)

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the profit and loss account.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss remains in the hedging reserve and is reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when a non-financial asset is depreciated.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the profit and loss account in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss account immediately.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves).

On the discontinuance of hedge accounting, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the profit and loss account over the remaining life of the hedged item.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- buildings between 5 and 30 years
- plant and equipment between 3 and 10 years
- motor vehicles between 2 and 5 years

No depreciation is provided on freehold land and assets in course of construction.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

1.9 Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows:

Raw materials, consumables and goods for resale	- purchase cost on an average cost basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

1.10 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Impairment excluding stocks and deferred tax assets (continued)

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.13 Turnover

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Turnover

Turnover is the total amount charged, exclusive of VAT, in respect of goods and services supplied by the company. All turnover arises in the UK and is attributable to the company's continuing activity, the manufacture of rolled aluminium products.

	2015	2014
	£000	£000
Sale of goods	**179,624**	175,499

By activity

	2015	2014
	£000	£000
Lithographic	**117,028**	126,963
Packing	**57,925**	48,345
Automotive and electrical	**4,671**	191
	179,624	175,499

Notes *(continued)*

2 Turnover *(continued)*

By geographical market is given below:

	2015 £000	2014 £000
United Kingdom	2,930	12,483
Continental Europe	134,735	130,710
Americas	26,667	23,791
Asia, Middle East and Africa	15,292	8,515
	179,624	175,499

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2015 £000	2014 £000
Impairment of tangible assets	362	-
Depreciation and other amounts written off tangible fixed assets	4,334	3,808
Profit on disposal of fixed assets	-	-
Operating lease rentals:		
Other operating leases	63	52
Research and development	515	353
Auditors' remuneration		
Audit of these financial statements	38	30

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2015	2014
Production	315	266
Sales	4	4
Administration	27	24
	346	294

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	10,938	10,469
Social security costs	1,257	1,154
Other pension costs	438	369
	12,633	11,992

Notes *(continued)*

5 Remuneration of directors

	2015 £000	2014 £000
Directors' emoluments	347	305
Company contributions to defined contribution personal pension plans	9	8

In respect of the highest paid director

	2015 £000	2014 £000
Emoluments	206	190
Company contributions to defined contribution personal pension plans	9	8

6 Interest receivable and similar income

	2015 £000	2014 £000
Bank interest receivable	3	20

7 Interest payable and similar charges

	2015 £000	2014 £000
Bank interest payable	795	639

8 Taxation

Recognised in profit and loss account

	2015 £000	£000	2014 £000	£000
UK corporation tax				
Current tax on income for the year	462		1,921	
		462		1,921
Deferred tax				
Origination/reversal of timing differences	1,011		983	
Total deferred tax		1,011		983
Tax on profit on ordinary activities		1,473		2,904

Tax recognised directly in equity

	2015 £000	2014 £000
Deferred taxation on cash flow hedges	718	(318)

Notes *(continued)*

8 Taxation *(continued)*

Reconciliation of effective tax rate

	2015 £000	2014 £000
Current tax reconciliation		
Profit for the year	5,721	9,675
Total tax expense	1,473	2,904
Profit excluding taxation	7,194	12,579
Current tax at 20.25% *(2014: 21.5%)*	1,457	2,704
Expenses not deductible for tax purposes	8	8
Other permanent differences	8	192
Total current tax charge (see above)	1,473	2,904

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2015 has been calculated based on these rates.

9 Tangible fixed assets

	Land and buildings £000	Plant and machinery £000	Motor vehicles £000	Assets in course of construction £000	Total £000
Cost					
At beginning of year	12,816	80,531	1,612	15,380	110,339
Additions	513	4,855	581	33,431	39,380
Disposals	-	(96)	-	(5,949)	(6,045)
At end of year	13,329	85,290	2,193	42,862	143,674
Depreciation					
At beginning of year	2,951	62,798	1,480	-	67,229
Charge for year	482	3,598	254	-	4,334
Impairment	-	362	-	-	362
Disposals	-	(96)	-	-	(96)
At end of year	3,433	66,662	1,734	-	71,829
Net book value					
At 31 December 2015	**9,896**	**18,628**	**459**	**42,862**	**71,845**
At 31 December 2014	9,865	17,733	132	15,380	43,110

Included within land and buildings is £2,013,746 *(2014: £2,013,746)* of freehold land which is not depreciated. The remaining net book value is in respect of buildings constructed on the company's freehold premises.

Notes *(continued)*

10 Stocks

	2015 £000	2014 £000
Raw materials	15,962	21,740
Work in progress	8,264	7,036
Finished goods	7,172	8,159
	31,398	36,935

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

11 Debtors

	2015 £000	2014 £000
Trade debtors	18,537	22,844
Other debtors	1,011	732
Prepayments and accrued income	1,383	1,101
	20,931	24,677

12 Cash and cash equivalents/bank overdrafts

	2015 £000	2014 £000
Cash at bank and in hand	141	5,169
Cash and cash equivalents	141	5,169

13 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Bank loans and overdrafts (secured see note 14)	10,607	-
Trade creditors	6,121	5,115
Amounts owed to group undertakings	44	72
Corporation tax	278	748
Other taxation and social security	442	405
Accruals and deferred income	4,850	3,944
	22,342	10,284

Notes *(continued)*

14 Creditors: amounts falling due after more than one year

	2015 £000	2014 £000
Bank loans and overdrafts (see note 15)	**14,000**	17,000

15 Interest bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings which are measured at amortised cost.

	2015	2014
Creditors falling due more than one year		
Secured bank loans	**14,000**	17,000
Creditors falling due within less than one year		
Secured bank loans	**3,000**	-

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2015 £000	Carrying amount 2015 £000	Face value 2014 £000	Carrying amount 2014 £000
Term loan	GBP	2.09%	2019	17,000	17,000	17,000	17,000
Overdraft	GBP	1.75%	Repayable on demand	829	829	-	-
Receivables facility	EUR	1.00%	Repayable on demand	1,852	1,852	-	-
Receivables facility	USD	1.43%	Repayable on demand	4,926	4,926		
				24,607	**24,607**	**17,000**	**17,000**

The bank loans and overdrafts are secured against certain land and buildings owned by the Company and the receivables facility is secured against certain trade debtor balances.

16 Provisions for liabilities

	Environmental provision £000
At beginning and end of year	**1,000**

The environmental provision of £1 million relates to the ongoing monitoring and clean up costs of complying with the requirements agreed with the Environment Agency for the land in Bridgnorth. The provision is expected to be utilised over a period of 10 years.

Notes *(continued)*

17 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	2015	2014	**2015**	2014	**2015**	2014
	£000	£000	**£000**	£000	**£000**	£000
Tangible fixed assets	-	-	(2,066)	(1,055)	(2,066)	(1,055)
Financial assets	148	-	-	(570)	148	(570)
Tax assets/ (liabilities)	148	-	(2,066)	(1,625)	(1,918)	(1,625)
Set off tax	(148)	-	148	-	-	-
Net tax liabilities	-	-	(1,918)	(1,625)	(1,918)	(1,625)

Movement in deferred tax during the year

	1 January 2015 £000	**Recognised in income £000**	**Recognised in equity £000**	**31 December 2015 £000**
Tangible fixed assets	(1,055)	(1,011)	-	(2,066)
Financial assets	(570)	-	718	148
	(1,625)	(1,011)	718	(1,918)

Movement in deferred tax during the prior year

	1 January 2014 £000	**Recognised in income £000**	**Recognised in equity £000**	**31 December 2014 £000**
Tangible fixed assets	(72)	(983)	-	(1,055)
Financial assets	(252)	-	(318)	(570)
	(324)	(983)	(318)	(1,625)

Notes *(continued)*

18 Derivative financial instruments

The fair values of all financial assets and financial liabilities by class shown in the balance sheet are as follows:

	Fair value 2015 £000	Fair value 2014 £000
IAS 39 categories of financial instruments		
Financial assets designated as fair value through profit or loss swaps		
Foreign exchange – long term	-	576
Foreign exchange – short term	**1,138**	1,975
London metal exchange futures – short term	**1,007**	1,316
Total financial assets at fair value through profit or loss	**2,145**	3,867

For each class of derivatives, include a description of the extent and nature of the instruments, including significant terms and conditions that may affect the amount, timing, and certainty of future cash flows.

Fair values of financial instruments

	Fair value 2015 £000	**Fair value** 2014 £000
Financial liabilities designated as fair value through profit or loss		
Interest rates – long term	-	63
Foreign exchange swaps – long term	**281**	43
Interest rate swaps – short term	**67**	146
Foreign exchange swaps – short term	**396**	128
London Metal exchange futures – short term	**378**	286
Total financial liabilities at fair value through profit or loss	**1,122**	668

For each class of derivatives, include a description of the extent and nature of the instruments, including significant terms and conditions that may affect the amount, timing, and certainty of future cash flows.

Notes *(continued)*

18 Derivative financial instruments *(continued)*

18(1) Cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur:

	2015				2014			
	Carrying amount £000	**Expected cash flows £000**	**1 year or less £000**	**1 to <2years £000**	Carrying amount £000	Expected cash flows £000	1 year or less £000	1 to <2years £000
Interest rate swaps:								
Assets	-	-	-	-	-	-	-	-
Liabilities	(67)	(5,834)	(5,834)	-	(209)	(6,945)	(1,111)	(5,834)
Forward exchange contracts:								
Assets	1,138	(29,188)	(29,188)	-	2,551	51,405	42,943	8,462
Liabilities	(678)	(55,335)	(10,565)	(44,770)	(172)	(8,242)	(6,201)	(2,041)
London Metal exchange contracts								
Assets	1,008	14,738	14,738	-	1,316	14,486	14,486	-
Liabilities	(378)	(20,050)	(20,050)	-	(286)	(6,945)	(6,945)	-
	1,023	(95,669)	(50,899)	(44,770)	3,200	43,759	43,172	587

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to affect profit or loss:

	2015				2014			
	Carrying amount £000	**Expected cash flows £000**	**1 year or less £000**	**1 to <2years £000**	Carrying amount £000	Expected cash flows £000	1 year or less £000	1 to <2years £000
Interest rate swaps:								
Assets	-	-	-	-	-	-	-	-
Liabilities	(67)	(5,834)	(5,834)	-	(209)	(6,945)	(1,111)	(5,834)
Forward exchange contracts:								
Assets	1,138	(29,188)	(29,188)	-	2,551	51,405	42,943	8,462
Liabilities	(678)	(55,335)	(10,565)	(44,770)	(172)	(8,242)	(6,201)	(2,041)
London Metal exchange contracts								
Assets	1,008	14,738	14,738	-	1,316	14,486	14,486	-
Liabilities	(378)	(20,050)	(20,050)	-	(286)	(6,945)	(6,945)	-
	1,023	(95,669)	(50,8990	(44,770)	3,200	43,759	43,172	587

Notes *(continued)*

19 Called up share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**29,333**	29,333

20 Commitments

At 31 December 2015, the company had commitments under non-cancellable operating leases as follows:

	Other 2015 £000	2014 £000
Operating leases which expire:		
Within one year	**31**	41
in one to two years	**24**	32
In two to five years	**9**	34
	64	107

Amounts contracted for but not provided in the financial statements amounted to £8,223,802 *(2014: £18,046,612)*.

21 Related party disclosures

During the year, the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December 2015, are as follows:

	2015 £000	2014 £000
Sales to related party		
Elval Hellenic Aluminium Industry SA	**148**	210
Metal Agencies Limited		133
Purchases from related party		
Elval Hellenic Aluminium Industry SA	**73**	64
Hellenic Cables SA	-	-
Metal Agencies Limited	-	23
Viexal Limited	**3**	8
Teka Systems SA	**34**	37
Elkeme SA	**27**	31
United Aluminum Company of Japan	-	73
Amounts owed by related party		
Elval Hellenic Aluminium Industry SA	**134**	1
Amounts owed to related party		
Elval Hellenic Aluminium Industry SA	-	64
Metal Agencies Limited	**44**	4
Elkeme SA	-	3

Viohalco S.A owns 75% of the ordinary shares in the company. Metal Agencies Limited, Hellenic Cables SA, Viexal Limited, Teka Systems SA and Elkeme SA are all part of the Viohalco SA Group, the company's ultimate parent undertaking. United Aluminum Company of Japan owns 25% of the ordinary shares of the company.

Notes *(continued)*

22 Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of Viohalco SA which is the ultimate parent company incorporated in Belgium. The ultimate controlling party is Viohalco SA.

The largest group in which the results of the Company are consolidated is that headed by Viohalco SA, incorporated in Belgium. The consolidated financial statements of this group are available to the public and may be obtained from the offices of Viohalco SA, which are located at 30 Avenue Marnix, 1000 Brussels, Belgium.

23 Explanation of transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 101 balance sheet at 1 January 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Notes *(continued)*

23 Explanation of transition to FRS 101 *(continued)*

Reconciliation of equity

		31 December 2014		
		UK GAAP	Effect of transition to FRS 101	FRS 101
	Note	£000	£000	£000
Fixed assets				
Tangible fixed assets		43,110	-	43,110
Derivative financial instruments	*a*	-	576	576
		43,110	576	43,686
Current assets				
Stocks		36,935	-	36,935
Trade and other debtors		25,041	(364)	24,677
Derivative financial instruments		-	3,291	3,291
Cash at bank and in hand		5,176	(7)	5,169
		67,152	2,920	70,072
Current liabilities				
Creditors amounts due within one year		(10,272)	(12)	(10,284)
Derivative financial instruments	*a*	-	(560)	(560)
		(10,272)	(572)	(10,844)
Net current assets		56,880	2,348	59,228
Non-current liabilities				
Bank loans and overdrafts		(17,000)	-	(17,000)
Derivative financial instruments	*a*	-	(106)	(106)
		(17,000)	(106)	(17,106)
Provisions for liabilities				
Deferred tax liability	*c*	(1,055)	(570)	(1,625)
Other provisions		(1,000)	-	(1,000)
		(2,055)	(570)	(2,625)
Net assets		80,935	2,248	83,183
Capital and reserves				
Called up share capital		29,333	-	29,333
Share premium account		6,667	-	6,667
Other reserves	*b*	-	2,248	2,248
Profit and loss account		44,935	-	44,935
Shareholder's equity		80,935	2,248	83,183

Notes *(continued)*

23 Explanation of transition to FRS 101 *(continued)*

Notes to the reconciliation of equity

a) Recognition of financial instruments, which were off-balance sheet under UK GAAP.
b) Recognition of cash flow hedging reserve
c) Deferred tax impact of the above

Reconciliation of opening equity

	At 1 January 2014
Equity reported under UK GAAP	71,260
Adjustments under FRS 101	
a) Recognition of derivatives on balance sheet	431
b) Cash flow hedging on derivatives	656
c) Deferred tax impact of the above	(253)
Equity reported under FRS 101	72,094

a) Recognition of financial instruments, which were off-balance sheet under UK GAAP.
b) Recognition of cash flow hedging reserve
c) Deferred tax impact of the above

Reconciliation of profit for 31 December 2014

	Note	UK GAAP £000	2014 Effect of transition to FRS 101 £000	FRS 101 £000
Turnover		175,499	-	175,499
Cost of sales		(155,857)	-	(155,857)
Gross profit		19,642	-	19,642
Distribution costs		(3,744)	-	(3,744)
Administrative expenses		(2,511)	-	(2,511)
Other operating expenses		(189)	-	(189)
Operating profit		13,198	-	13,198
Other interest receivable and similar income		20	-	20
Interest payable and similar charges		(639)	-	(639)
Profit on ordinary activities before taxation		12,579	-	12,579
Tax on profit on ordinary activities		(2,904)	-	(2,904)
Profit for the year		9,675	-	9,675