

**Bridgnorth Aluminium Limited**

Annual report and financial  
statements

Registered number 4155640

For the year ended 31 December 2019

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## Strategic report

The directors present their strategic report for the year ended 31 December 2019.

### Review of the business

In 2019 the demand conditions in the aluminium flat rolled products industry deteriorated after a good 2018. Demand in Europe cooled compared to the previous year, and the market in the USA became overstocked.

In lithography the addressable market declined as some key customers closed capacity in Europe and USA in favour of production in China. The company also faced headwinds created by uncertainty over the Brexit process.

Despite the above, the company was able to sell to new customers, and maintain very good relationships with current customers such that increased volumes were contracted for 2020.

The company continued to undertake its usual amount of in house research and development, with some external support from its shareholders and universities.

At the end of the year the company's ongoing focus on sustainability was recognised with the accreditation against the performance standard of the Aluminium Stewardship Initiative.

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

	2019 £000	2018 £000	% Change
Turnover	216,365	254,651	-15%
Gross profit	15,763	17,785	-11%
Operating profit	5,242	8,507	-38%
Profit after tax	5,106	7,477	-32%
EBITDA	12,517	15,853	-21%
Total shareholders' funds	97,693	92,587	6%
Net debt/EBITDA	1.1	1.8	-39%

Turnover decreased by 15% as a result of lower sales volumes and a lower metal price during the year. Sales volumes decreased by 13%. The gross profit margin increased from 7.0% to 7.3%. The operating profit margin decreased from 3.3% to 2.4%.

EBITDA (Operating profit plus depreciation) declined by 21%, mainly as a result of lower sales volumes and higher costs. This was partly offset by higher selling prices.

Net Debt (Bank loans and overdrafts less Cash and cash equivalents) is lower due to the repayment of loans during the year.

The company continued to closely monitor and control working capital (inventory, trade debtors and trade creditors) during 2019, working capital as a percentage of sales increased from 22% to 24% as a result of higher debtors and lower creditors, partly offset by lower inventory.

The level of total shareholders' funds increased by 6% during the year due to an 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 commercial 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. During 2019 this policy has not been adopted, due to uncertainty surrounding the future UK trading relationship with the EU. There are no exchange rate contracts in place at the balance sheet date.

## **Strategic report** *(continued)*

### **Principal risks and uncertainties** *(continued)*

#### *Interest rate risks*

The company is exposed to interest rate movements. Interest rate swaps may be 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. There have been no interest rate swaps during the year and at year end no interest rate swaps were in place.

#### *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, inventory 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.

### **Stakeholder engagement**

The directors set out their section 172 (1) statement in accordance with the Companies Act 2006 in relation to stakeholder engagement for the year ended 31 December 2019.

The Board recognise that the long-term success of the company is strongly correlated to a positive interaction with all of its stakeholders. Effective engagement allows the directors to understand relevant stakeholder views on material issues which may impact the business, and helps to inform the Board's decision making. Stakeholder engagement is ultimately managed and owned by the directors of the company, but takes place at all levels within the company.

This report identifies some of our key stakeholders and how the Board and our business interact with them in order to promote the success of the company for the stakeholders as a whole.

#### *Decision making and risk management*

The Board delegates the day-to-day management and decision making to the executive management. The Board maintains oversight of the company's performance to ensure that the management is acting in accordance with the agreed strategy.

Each year, the directors undertake an in-depth review of the company's strategy, including the business plan for the following 5 years. Once approved by the Board, the plan and strategy form the basis for financial budgets, resource plans and investment decisions, and also the future strategic direction of the company. Upon making these decisions, the Board has to consider the interests of various stakeholders, the consequences of its decisions in the long-term and its long-term reputation. The company's strategy is now to focus on new products and markets in order to be prepared for the ongoing and future decline of the main product litho.

#### *Employees*

Our employees are critical to the delivery of our strategy and the future growth of the business. The company is committed to being a responsible employer in terms of ensuring the health, safety, well-being, pay and benefits that our employees receive are sufficient to promote good relationships and motivation. For the company to succeed we must manage people's performance and develop and bring through talent while ensuring that we operate as efficiently as possible. The company has continued to work well with the union and the Information and Consultation Committee (ICC).

## Strategic report *(continued)*

### Stakeholder engagement *(continued)*

#### *Business relationships*

Maintaining strong customer and supplier relationships is critical to the long-term business strategy. The company has a small customer base which we work closely with to ensure that the highest quality product and service is delivered. Many of these relationships have been present for a long time and have multi-year contracts. As new products are developed and new customers are obtained, the company will ensure that the same positive relationships are fostered to ensure new strategies are fulfilled.

The company has long-standing relationships with key suppliers and treats them fairly in terms of orders and payments to ensure that they are part of the company's success.

#### *Shareholders*

Communication with our shareholders is key to the company's success, they are kept informed of performance and strategic direction to ensure that they are satisfied with the company. The company attends regular meetings and presentations required by the shareholders and is open to feedback and questions at any time.

#### *Our community and the environment*

The company aims to use its position in the community to create a positive change for the people and wider community. The company actively reduces our impact on the environment by responsibly sourcing energy and minimising our carbon footprint. We also help to fund many local initiatives including trusts, charities and community organisations.

#### *Regulatory bodies*

The company aims to maintain the highest standards of conduct with each of the regulatory bodies it engages with. The operating policy statement and code of conduct can be found on our website. This includes zero tolerance to ethical issues such as bribery and corruption. Our gender pay gap, sustainability and group tax strategy can also be found on our website.

By order of the board



**M Richards**  
*Secretary*

8 October 2020

## Directors' report

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

### Principal activities

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.

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.

### Future developments

Whilst the company entered 2020 with solid sales contracts for greater volumes, the global Coronavirus pandemic is affecting short-term demand. The size and duration of the loss of demand due to social-distancing and the closure of important sectors of the economy is not yet known.

The wider economic and geo-political outlook remains uncertain, and the company is exposed to the effects of trade agreements and tariff structures following the UK's exit from The European Union, and the potential UK-USA trade negotiations. Both of these issues could affect trading conditions for the company.

### Impact of COVID-19 coronavirus

Since the balance sheet date, there has been significant macroeconomic uncertainty as a result of the COVID-19 coronavirus outbreak, the scale and duration of which remains uncertain. As the Coronavirus outbreak was confirmed as a pandemic by the World Health Organisation on 11 March 2020, the impact of this global crisis is considered to be a non-adjusting event after the end of the reporting period.

Since the start of the escalation of the Coronavirus, the senior management team have been monitoring and reacting to the situation on a daily basis and have put in place contingency plans to safeguard all employees and mitigate the developing risks of this global pandemic. These contingency plans include ensuring that employees receive appropriate guidance and clear communications, along with the necessary equipment and facilities to maintain a safe working environment. Additional hygiene supplies have been provided to help limit the spread of any infection, along with increased cleaning protocols and temperature checks prior to site entry. International business travel was reduced early on in the pandemic and social distancing protocols were applied. The majority of administration and support staff were asked to work from home and were provided with the necessary equipment and support needed to enable this, if they did not already have this capability. Procedures for dealing with suspected cases, first aid and effective working from home were quickly put in place. The Company has been working closely with customers and suppliers to mitigate any disruption to supply chains. These plans will continue to be adapted as the situation evolves.

It is difficult to fully assess the impact of the Coronavirus, however the key financial risks that the directors have identified are that turnover will be less than previously budgeted, due to customers' reduced volume demands. Also, working capital will increase due to higher stock levels after lower customer sales.

The company has prepared forecasts following the outbreak of the Coronavirus, and has subsequently performed ahead of this forecast. The company's financial forecasts and banking headroom have had stress testing scenarios run on them, based on lower turnover and higher working capital. These have been reviewed and found to have sufficient headroom in the loan facilities for a period of at least 12 months and financial covenants until December 2020 when the covenant requirements end.

Operationally, production and on site staffing has reduced in light of a lower order book. The company has taken advantage of the UK government's Job Retention Scheme, which has meant that some production and support staff were furloughed temporarily while orders were low.

The health & safety of our people remains our top priority. The company will continue to monitor guidance issued from the various worldwide authorities as the global crisis progresses, to ensure that our business remains well placed to respond to this ever-changing situation.

## Directors' report *(continued)*

### Going concern

In considering going concern, the directors have carefully reviewed the cash flow requirements of the company, key assumptions used in the financial forecasts and a sensitivity analysis on the forecasts reflecting the current assessment of the severe but plausible downside scenarios in light of the Coronavirus pandemic. The company has access to borrowing facilities as disclosed in note 16, which are available on a continuing basis. 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 2019, the company had an average of 38 days (2018: 39 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 11 and shows a profit for the financial year of £5,106,000 (2018: £7,477,000).

### Dividends

No dividend was paid during the year (2018: £Nil). The directors do not recommend the payment of a final dividend (2018: £Nil).

### Directors

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

D Peden	(Chairman)
S MacVicker	
A Angelopoulos	
J Attas	
C Catsaros	
L Varouchas	
T Nakano	(resigned 23 April 2019)
N Tokizane	(resigned 23 April 2019)
A Imaizumi	(appointed 23 April 2019) (resigned 2 October 2019)
J Kumamoto	(appointed 23 April 2019)
K Niibori	(appointed 2 October 2019)

### Charitable contributions

The company made charitable donations of £5,375 during the year (2018: £2,970).

## Directors' report *(continued)*

### 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 auditors

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 auditors are 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 auditors are aware of that information.

### Independent auditors

During the year, KPMG LLP resigned as auditors and were replaced by PricewaterhouseCoopers LLP.

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

By order of the board



**M Richards**  
*Secretary*

Stourbridge Road  
Bridgnorth  
Shropshire  
WV15 6AU

8 October 2020



## Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

### Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## **Independent auditors' report to the members of Bridgnorth Aluminium Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Bridgnorth Aluminium Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2019; the Profit and loss account and other comprehensive income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which 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 twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

## **Independent auditors' report to the members of Bridgnorth Aluminium Limited** *(continued)*

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report. Responsibilities for the financial statements and the audit

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

#### *Auditors' responsibilities for the audit of the financial statements*

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

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

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Other required reporting**

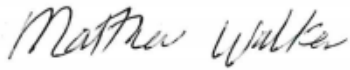
#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

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

We have no exceptions to report arising from this responsibility.



Matthew Walker (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
9 October 2020

**Profit and loss account and other comprehensive income**  
*for the year ended 31 December 2019*

	<i>Note</i>	<b>2019</b>	2018
		<b>£000</b>	£000
<b>Turnover</b>	2	<b>216,365</b>	254,651
Cost of sales		<b>(200,602)</b>	(236,866)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>15,763</b>	17,785
Distribution costs		<b>(7,104)</b>	(6,749)
Administrative expenses		<b>(3,555)</b>	(3,204)
Other operating income		<b>138</b>	675
		<hr/>	<hr/>
<b>Operating profit</b>	3	<b>5,242</b>	8,507
Interest receivable and similar income	6	<b>2,385</b>	2,877
Interest payable and similar expenses	7	<b>(1,187)</b>	(2,098)
		<hr/>	<hr/>
<b>Profit before taxation</b>		<b>6,440</b>	9,286
Tax on profit	8	<b>(1,334)</b>	(1,809)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>5,106</b>	7,477
		<hr/>	<hr/>
Other comprehensive income		-	-
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>5,106</b>	7,477
		<hr/>	<hr/>

**Balance sheet**  
*at 31 December 2019*

	<i>Note</i>	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Property, plant and equipment	9	65,769		69,960	
Right of use assets	10	38		-	
			<b>65,807</b>		<b>69,960</b>
<b>Current assets</b>					
Stocks	11	42,395		50,344	
Debtors	12	33,569		35,907	
Cash at bank and in hand	13	1,342		1,414	
Derivative financial instruments	19	307		2,464	
		<b>77,613</b>		<b>90,129</b>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(40,732)		(58,291)	
Derivative financial instruments	19	(853)		(4,699)	
			<b>36,028</b>		<b>27,139</b>
<b>Net current assets</b>					
			<b>101,835</b>		<b>97,099</b>
<b>Non-current liabilities</b>					
Creditors: amounts falling due after more than one year	15		(8)		-
<b>Provisions for liabilities</b>					
Deferred tax liability	18	(4,134)		(3,512)	
Other provisions	17	-		(1,000)	
			<b>(4,134)</b>		<b>(4,512)</b>
<b>Net assets</b>			<b>97,693</b>		<b>92,587</b>
<b>Capital and reserves</b>					
Called up share capital	20		29,333		29,333
Share premium account			6,667		6,667
Profit and loss account			61,693		56,587
<b>Total shareholders' funds</b>			<b>97,693</b>		<b>92,587</b>

The notes on pages 16 to 35 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 8 October 2020 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	Profit and loss account £000	Total shareholders' funds £000
Balance at 1 January 2018	29,333	6,667	49,110	85,110
<b>Total comprehensive income for the year</b>				
Profit	-	-	7,477	7,477
<b>Balance at 31 December 2018</b>	<u>29,333</u>	<u>6,667</u>	<u>56,587</u>	<u>92,587</u>
Balance at 1 January 2019	29,333	6,667	56,587	92,587
<b>Total comprehensive income for the year</b>				
Profit	-	-	5,106	5,106
<b>Balance at 31 December 2019</b>	<u>29,333</u>	<u>6,667</u>	<u>61,693</u>	<u>97,693</u>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Bridgnorth Aluminium Limited (the “Company”) is a company incorporated and domiciled in the UK. The registered number is 4155640 and registered address is Stourbridge Road, Bridgnorth, Shropshire WV15 6AU. The company manufactures aluminium coils for the lithographic printing industry, as well as other aluminium flat rolled products, including foilstock coils for the foil rolling industry.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”).

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.

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;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures in respect of capital management; 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*, the disclosures required by IFRS 7 *Financial Instrument Disclosures* and the requirements of IFRS 15 *Revenue from Contracts with Customers* paragraphs 110, 114, 115, 119 a)-c), 123, 125, 126 and 127.

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

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

IFRS 16 is a new accounting standard that is effective from 1 January 2019 and has not had a material impact on the company’s financial statements – see note 10. There are no other amendments to accounting standards that are effective for the year ended 31 December 2019 that have had a material impact on the company’s financial statements.

#### 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

In considering going concern, the directors have carefully reviewed the cash flow requirements of the company, key assumptions used in the financial forecasts and a sensitivity analysis on the forecasts reflecting the current assessment of the severe but plausible downside scenarios in light of the Coronavirus pandemic. The company has access to borrowing facilities as disclosed in note 16, which are available on a continuing basis. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

#### 1.3 Foreign currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional 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

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, other debtors and amounts owed from group undertakings*

Trade, other debtors and amounts owed from group undertakings 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.

Certain trade debtor balances are held under a receivables financing agreement. The Directors consider these meet the definition of held to collect under IFRS 9.

##### *Trade, other creditors and amounts owed to group undertakings*

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 Non-derivative financial instruments (continued)

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

##### *Interest-bearing loans and borrowings*

Interest-bearing loans and 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).

##### *IFRS 9 Financial Instruments*

As of 1 January 2018 IFRS 9 Financial Instruments was applicable. This standard addresses the classification, measurement and derecognition of financial assets and liabilities, and introduces new hedge accounting rules.

Viohalco has undertaken thorough discussions with consultants and group auditors on behalf of the group and have decided not to adopt the hedge accounting paragraphs of IFRS 9 and to stay with IAS 39. This was an accounting policy choice which the Company is also adopting, when appropriate.

##### *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).

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Derivative financial instruments and hedging (continued)

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.

#### 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 machinery between 3 and 20 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. The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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. Revenue is recognised when performance obligations have been satisfied, and at a point in time, and is invoiced either simultaneously with its recognition or within a short time period from its recognition. A receivable is recognised when the control is transferred to the customer, as this represents the point in time at which the right to consideration becomes unconditional. The following criteria must also be met before revenue is recognised:

##### *Sale of goods*

Revenue from the sale of goods is recognised when the control of the goods sold has been transferred. The timing of the transfer of control usually occurs when the goods have been shipped to the customers' location, unless otherwise specified in the terms of the contract. The terms defined on the contracts with customers are according to Incoterms.

##### *Interest income*

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

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.14 Leases

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments (excluding costs for services and insurance) made under operating leases were recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received were recognised in the profit and loss account as an integral part of the total lease expense.

IFRS 16 is a new accounting standard that is effective from 1 January 2019 and has not had a material impact on the company's financial statements – see note 10. The company has adopted the standard retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard.

From 1 January 2019, leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. The rate used is a group rate provided by Viohalco SA.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are generally depreciated over the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset's useful life.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Payments associated with short-term leases of equipment and vehicles and all leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of tooling.

The impact of the change in accounting policy is shown in note 10.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.15 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.

#### 1.16 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 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.

#### 1.17 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

##### *Critical accounting estimates*

##### *Inventory provisioning*

An inventory provision is not needed for the main stock item of aluminium, as this is recyclable and no significant loss occurs.

An impairment review is carried out on the year end general stores listing and calculated based on the age profile of the spare parts and consumables.

##### *Impairment of debtors*

The company makes an estimate of the recoverable value of trade and other debtors. When assessing this impairment, the company considers factors including the credit rating and insurance of the receivable, the probability of default of the credit insurer, the ageing profile of receivables and historical experience.

See note 12 for net carrying amount of debtors and the associated impairment provision.

##### *Useful economic lives of property, plant and equipment*

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets.

##### *Critical judgements in applying the entity's accounting policies*

##### *Derivative financial instruments and hedging activities*

The company has not applied hedge accounting, and all derivatives are measured at fair value through profit and loss, as the requirements of IAS 39 to apply hedge accounting are not considered to be met.

## Notes (continued)

### 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.

	2019 £000	2018 £000
Sale of goods	216,365	254,651

*By activity:*

	2019 £000	2018 £000
Lithographic	158,751	199,740
Packaging	36,605	35,409
Automotive and electrical	17,943	19,502
Building and construction	836	-
Other income	2,230	-
	<u>216,365</u>	<u>254,651</u>

*By geographical market is given below:*

	2019 £000	2018 £000
United Kingdom	8,724	22,705
Continental Europe	132,799	151,874
Americas	61,742	60,205
Asia, Middle East and Africa	13,100	19,867
	<u>216,365</u>	<u>254,651</u>

### 3 Operating profit

*Included in profit are the following:*

	2019 £000	2018 £000
Depreciation and other amounts written off tangible fixed assets	7,239	7,346
Depreciation on right of use assets (see note 10)	36	-
Release of environmental provision (see note 17)	(1,000)	-
Research and development	620	633
Impairment of stock	160	615
Impairment of debtors	(26)	36
Proceeds from the sales of fixed assets	(9)	(4)
	<u>7,029</u>	<u>8,585</u>
<i>Auditors' remuneration</i>		
Audit of these financial statements	50	33
	<u>7,079</u>	<u>8,618</u>

Audit fees in 2019 were paid to PricewaterhouseCoopers LLP. Audit fees in 2018 were paid to KPMG LLP.

**Notes** *(continued)*

**4 Staff numbers and costs**

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

	Number of employees	
	2019	2018
Production	363	362
Sales	9	8
Administration	39	33
	<u>411</u>	<u>403</u>

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	15,220	14,999
Social security costs	1,548	1,485
Other pension costs	682	568
	<u>17,450</u>	<u>17,052</u>

**5 Remuneration of directors**

	2019	2018
	£000	£000
Directors' emoluments	<u>454</u>	<u>451</u>
Company contributions to defined contribution personal pension plans	<u>17</u>	<u>16</u>
<i>In respect of the highest paid director</i>		
Emoluments	<u>229</u>	<u>219</u>
Company contributions to defined contribution personal pension plans	<u>10</u>	<u>10</u>



**Notes** *(continued)*

**6 Interest receivable and similar income**

	2019 £000	2018 £000
Bank interest receivable	72	16
Revaluation of foreign currency loans	1,053	-
Revaluation of foreign exchange contracts	1,260	2,861
	<u>2,385</u>	<u>2,877</u>

**7 Interest payable and similar expenses**

	2019 £000	2018 £000
Bank interest payable	1,143	1,528
Lease liabilities interest (see note 10)	1	-
Revaluation of foreign currency loans	43	570
	<u>1,187</u>	<u>2,098</u>

Notes (continued)

8 Tax on profit

Recognised in profit and loss account

	2019 £000	2019 £000	2018 £000	2018 £000
<i>UK corporation tax</i>				
Current tax on profits for the year	712		-	
Adjustments in respect of previous years	-		1	
		712		1
<i>Deferred tax</i>				
Current year	695		1,954	
Adjustments in respect of previous years	-		17	
Effect of changes in tax rates	(73)		(163)	
Total deferred tax		622		1,808
Tax charge on profit		1,334		1,809

Reconciliation of standard tax rate

Tax expense for the year is higher (2018: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2019 of 19% (2018: 19%). The differences are explained below:

	2019 £000	2018 £000
Profit before taxation	6,440	9,286
Current tax at 19% (2018: 19%)	1,224	1,764
Expenses not deductible for tax purposes	192	189
Income not taxable	(9)	-
Tax rate changes	(73)	(163)
Adjustments in respect of previous years	-	19
Total tax charge (see above)	1,334	1,809

Factors that may affect future current and total tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the year by £486,420 and to increase the deferred tax liability by £486,360.

Notes (continued)

9 Property, plant and equipment

	Land and buildings	Plant and machinery	Motor vehicles	Assets in course of construction	Total
	£000	£000	£000	£000	£000
<i>Cost</i>					
At beginning of year	15,725	142,460	2,797	673	161,655
Additions	269	2,406	30	343	3,048
At end of year	15,994	144,866	2,827	1,016	164,703
<i>Accumulated depreciation</i>					
At beginning of year	5,154	84,225	2,316	-	91,695
Charge for year	641	6,444	154	-	7,239
At end of year	5,795	90,669	2,470	-	98,934
<i>Net book value</i>					
At 31 December 2019	10,199	54,197	357	1,016	65,769
At 31 December 2018	10,571	58,235	481	673	69,960

Included within land and buildings is £2,013,746 (2018: £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.

10 Leases

The company has lease contracts for company cars, which upon adoption of IFRS 16 Leases on 1 January 2019 are now shown in the balance sheet as right of use assets and lease liabilities. In the previous year, all leases were expensed through the profit and loss account.

Measurement of right of use assets

	£000
Opening balance at 1 January 2019	61
Additions of right of use assets – company car	13
(Less): depreciation charged in the year	(36)
Right of use assets at 31 December 2019	38

Amounts recognised in the balance sheet

	31 Dec 2019 £000	1 Jan 2019 £000
<b>Lease liabilities</b>		
Current lease liabilities	31	32
Non-current lease liabilities	8	29
	39	61

All non-current lease liabilities are later than one year and not later than five years.

**Notes** *(continued)*

**10 Leases** *(continued)*

**Amounts recognised in the profit and loss account**

	2019 £000	2018 £000
Depreciation charge of right of use company car assets	36	-
Interest expense (included in interest payable)	1	-
Other operating leases (short term and / or low value)	140	138
	<hr/>	<hr/>
	177	138
	<hr/> <hr/>	<hr/> <hr/>

**Measurement of lease liabilities**

	£000
Operating lease commitments disclosed at 31 December 2018	274
(Less): low-value leases not recognised as a liability	213
	<hr/>
<b>Lease liability recognised as at 1 January 2019</b>	<b>61</b>
	<hr/> <hr/>
Of which are:	
Current lease liabilities	32
Non-current lease liabilities	29
	<hr/>
	61
	<hr/> <hr/>

**11 Stocks**

	2019 £000	2018 £000
Raw materials	13,680	21,397
Work in progress	10,311	10,477
Finished goods	18,404	18,470
	<hr/>	<hr/>
	42,395	50,344
	<hr/> <hr/>	<hr/> <hr/>

The difference between purchase price or production cost of stocks and their replacement cost is not material. The movement of raw materials, consumables, work in progress and finished goods is £157,650,991 (2018: £191,230,050) and is included within cost of sales. The write-down of spare parts and consumables is £159,875 (2018: £615,021).

**Notes** (continued)

**12 Debtors**

	2019 £000	2018 £000
Trade debtors	31,060	30,720
Other debtors	1,321	4,088
Amounts owed from group undertakings	6	-
Prepayments and accrued income	1,182	723
Corporation tax	-	376
	<u>33,569</u>	<u>35,907</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Trade debtors are stated after provisions for impairment of £10,546 (2018: £458,048.38).

**13 Cash at bank and cash equivalents**

	2019 £000	2018 £000
Cash at bank and in hand	1,342	1,414
Cash and cash equivalents	<u>1,342</u>	<u>1,414</u>

**14 Creditors: amounts falling due within one year**

	2019 £000	2018 £000
Bank loans and overdrafts (secured see note 16)	15,414	29,961
Trade creditors	20,799	25,506
Amounts owed to group undertakings	115	103
Lease liabilities (see note 10)	31	-
Corporation tax	194	-
Other taxation and social security	509	482
Accruals and deferred income	3,670	2,239
	<u>40,732</u>	<u>58,291</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand

**15 Creditors: amounts falling due after more than one year**

	2019 £000	2018 £000
Lease liabilities (see note 10)	8	-
	<u>8</u>	<u>-</u>

## Notes (continued)

### 16 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.

	2019 £000	2018 £000
<b>Creditors falling due more than one year</b>		
Secured bank loans	-	-
<b>Creditors falling due within less than one year</b>		
Secured bank loans	4,667	7,000

#### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2019 £000	Carrying amount 2019 £000	Face value 2018 £000	Carrying amount 2018 £000
Cashflow loan	GBP	2.25%	2020	4,667	4,667	-	-
Term loan	GBP	2.41%	2019	-	-	7,000	7,000
Receivables facility	EUR	2.00%	Repayable on demand	1,319	1,319	5,415	5,415
Receivables facility	USD	2.00%	Repayable on demand	5,770	5,770	9,435	9,435
Inventory facility	GBP	2.25%	Repayable on demand	3,658	3,658	8,111	8,111
				15,414	15,414	29,961	29,961

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

The fair values for borrowings are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

### 17 Other provisions

	2019 £000	2018 £000
Environmental provision	-	1,000

The environmental provision of £1 million in 2018 related to the ongoing monitoring and clean up costs of complying with the requirements agreed with the Environment Agency for the land in Bridgnorth. This provision was released in 2019 following a reassessment of the company's legal and constructive obligations in respect of the land, whilst clean up costs will continue to be recognised as incurred through the profit and loss account.

Notes (continued)

18 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
	£000	£000	£000	£000	£000	£000
Tangible fixed assets	-	-	(3,894)	(3,655)	(3,894)	(3,655)
Financial assets	-	-	(240)	(288)	(240)	(288)
Tax losses	-	431	-	-	-	431
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Tax (liabilities)/ assets	-	431	(4,134)	(3,943)	(4,134)	(3,512)
Set off tax	-	(431)	-	431	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net tax liabilities	-	-	(4,134)	(3,512)	(4,134)	(3,512)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Movement in deferred tax during the year

	1 January 2019 £000	Recognised in income £000	Recognised in equity £000	31 December 2019 £000
Tangible fixed assets	(3,655)	(239)	-	(3,894)
Financial assets	(288)	48	-	(240)
Tax losses	431	(431)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(3,512)	(622)	-	(4,134)
	<hr/>	<hr/>	<hr/>	<hr/>

Movement in deferred tax during the prior year

	1 January 2018 £000	Recognised in income £000	Recognised in equity £000	31 December 2018 £000
Tangible fixed assets	(3,427)	(228)	-	(3,655)
Financial assets	531	(819)	-	(288)
Tax losses	789	(358)	-	431
Temporary trading differences	403	(403)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	(1,704)	(1,808)	-	(3,512)
	<hr/>	<hr/>	<hr/>	<hr/>

**Notes** *(continued)*

**19 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 2019 £000	Fair value 2018 £000
<b>IAS 39 categories of financial instruments</b>		
<b>Financial assets designated as fair value through profit or loss</b>		
Foreign exchange – short term	-	40
London Metal Exchange futures – short term	307	2,424
	<hr/>	<hr/>
Total financial assets at fair value through profit or loss	307	2,464
	<hr/> <hr/>	<hr/> <hr/>
<b><i>Fair values of financial instruments</i></b>		
	Fair value 2019 £000	Fair value 2018 £000
<b>Financial liabilities designated as fair value through profit or loss</b>		
Foreign exchange swaps – short term	-	1,300
London Metal Exchange futures – short term	853	3,399
	<hr/>	<hr/>
Total financial liabilities at fair value through profit or loss	853	4,699
	<hr/> <hr/>	<hr/> <hr/>

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 31 December 2019, there were no outstanding foreign currency contracts, this is compared to 2018 when all outstanding contracts at year end matured within 6 months of the year end date.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the exchange rates for GBP:USD and GBP:EUR.

The company enters into forward LME contracts to mitigate the metal price risk for certain receivables. At 31 December 2019, the outstanding contracts all mature within 12 months (2018: 12 months) of the year end.

The forward LME contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the LME values for GBP, USD and EUR.



Notes (continued)

19 Derivative financial instruments (continued)

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

	Carrying amount £000	Expected cash flows £000	2019		Carrying amount £000	2018		
			1 year or less £000	1 to <2years £000		Expected cash flows £000	1 year or less £000	
<b>Forward exchange contracts:</b>								
Assets	-	-	-	-	40	7,000	7,000	-
Liabilities	-	-	-	-	(1,300)	13,139	13,139	-
<b>London Metal exchange contracts</b>								
Assets	307	23,171	23,171	-	454	9,607	9,607	-
Liabilities	(853)	(13,897)	(13,897)	-	(3,399)	(33,687)	(33,687)	-
	<u>(546)</u>	<u>9,274</u>	<u>9,274</u>	<u>-</u>	<u>(4,205)</u>	<u>(3,941)</u>	<u>(3,941)</u>	<u>-</u>

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

	Carrying amount £000	Expected cash flows £000	2019		Carrying amount £000	2018		
			1 year or less £000	1 to <2years £000		Expected cash flows £000	1 year or less £000	
<b>Forward exchange contracts:</b>								
Assets	-	-	-	-	40	7,000	7,000	-
Liabilities	-	-	-	-	(1,300)	13,139	13,139	-
<b>London Metal exchange contracts</b>								
Assets	307	23,171	23,171	-	454	9,607	9,607	-
Liabilities	(853)	(13,897)	(13,897)	-	(3,399)	(33,687)	(33,687)	-
	<u>(546)</u>	<u>9,274</u>	<u>9,274</u>	<u>-</u>	<u>(4,205)</u>	<u>(3,941)</u>	<u>(3,941)</u>	<u>-</u>

20 Called up share capital

	2019 £000	2018 £000
<i>Allotted and fully paid</i>		
29,333,333 (2018: 29,333,333) Ordinary shares of £1 each	<u>29,333</u>	<u>29,333</u>

## Notes (continued)

### 21 Defined pension contribution scheme

The company provides a defined contribution scheme for its employees. The cost to the company within the year was £682,146 (2018: £568,436) and at the year end date the balance was £0 (2018: £0).

### 22 Commitments

The company has various leases under non-cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. From 1 January 2019, the group has recognised right-of-use assets for these leases, except for short term and low-value leases. See note 10 for details.

The company had commitments under non-cancellable leases as follows:

	2019 £000	2018 £000
Operating leases which expire:		
Within one year	-	83
In one to two years	-	75
In two to five years	-	116
	<hr/>	<hr/>
	-	274
	<hr/> <hr/>	<hr/> <hr/>

Amounts contracted for but not provided in the financial statements amounted to £1,699,821 (2018: £1,258,647).

### 23 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, are as follows:

	2019 £000	2018 £000
<b>Sales to related party</b>		
ElvalHalcor Hellenic Copper and Aluminium Industry S.A	1,014	550
Symetal	-	40
<b>Purchases from related party</b>		
ElvalHalcor Hellenic Copper and Aluminium Industry S.A	399	142
Metalign	116	111
Teka Systems SA	90	61
Elkeme SA	69	58
Viexal Limited	27	19
Teehor	25	-
UACJ Corporation	16	12
Metal Agencies Limited	2	8
Elval Colour SA	-	3
Symetal	-	2
<b>Amounts owed by related party</b>		
ElvalHalcor Hellenic Copper and Aluminium Industry S.A	6	-
<b>Amounts owed to related party</b>		
ElvalHalcor Hellenic Copper and Aluminium Industry S.A	105	74
Elkeme SA	6	5
Viexal Limited	3	-
Teka Systems SA	1	2
Metalign	-	18
Elval Colour SA	-	3
Metal Agencies Limited	-	1
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 23 Related party disclosures (continued)

Viohalco S.A owns 75% of the ordinary shares in the company. ElvalHalcor Hellenic Copper and Aluminium Industry SA, Elval Colour SA, Metal Agencies Limited, Symetal, Hellenic Cables SA, Sofia Med, Viexal Limited, Teka Systems SA, Elkeme SA, Tepro Metal AG and Metalign 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. UACJ Corporation is part of the United Aluminum Company of Japan group.

### 24 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.

### 25 Post balance sheet event

#### *Impact of COVID-19 coronavirus*

Since the balance sheet date, there has been significant macroeconomic uncertainty as a result of the COVID-19 coronavirus outbreak, the scale and duration of which remains uncertain. As the Coronavirus outbreak was confirmed as a pandemic by the World Health Organisation on 11 March 2020, the impact of this global crisis is considered to be a non-adjusting event after the end of the reporting period.

Since the start of the escalation of the Coronavirus, the senior management team have been monitoring and reacting to the situation on a daily basis and have put in place contingency plans to safeguard all employees and mitigate the developing risks of this global pandemic. These contingency plans include ensuring that employees receive appropriate guidance and clear communications, along with the necessary equipment and facilities to maintain a safe working environment. Additional hygiene supplies have been provided to help limit the spread of any infection, along with increased cleaning protocols and temperature checks prior to site entry. International business travel was reduced early on in the pandemic and social distancing protocols were applied. The majority of administration and support staff were asked to work from home and were provided with the necessary equipment and support needed to enable this, if they did not already have this capability. Procedures for dealing with suspected cases, first aid and effective working from home were quickly put in place. The Company has been working closely with customers and suppliers to mitigate any disruption to supply chains. These plans will continue to be adapted as the situation evolves.

The going concern disclosure in the Directors' report and note 1.2 provides further detail of the effect on the company.