

**Company Registration No. 909645**

**Anglesey Aluminium Metal Limited**

**Report and Financial Statements**

**31 December 2014**

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# **Anglesey Aluminium Metal Limited**

## **Report and financial statements 2014**

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# **Anglesey Aluminium Metal Limited**

## **Report and financial statements 2014**

### **Officers and professional advisers**

#### **Directors**

K A Stingl

B J King

M J Betts (Appointed 9 April 2014)

#### **Secretary**

H Day

#### **Bankers**

HSBC Bank plc

#### **Solicitors**

Weightman

#### **Registered office**

6 St James's Square

London

SW1Y 4AD

#### **Auditor**

Grant Thornton UK LLP

Melton Street

London

NW1 2EP

# Anglesey Aluminium Metal Limited

## Strategic report

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

### Principal activities and business review

Anglesey Aluminium Metal Limited ("AAM Ltd") is wholly owned by Anglesey Aluminium Limited ("AA Ltd") whose ultimate parent is Rio Tinto plc (incorporated in Great Britain).

The Company has significant land holdings and is continuing its discussions regarding the disposal of these land holdings to third parties. The Company has reached an agreement concerning the disposal of the operational land together with the sale of its 100% holding in Anglesey Aluminium Metal Renewables Limited. A conditional contract for the disposal of the operational site has been signed with due diligence ongoing. In addition an option agreement is in place to dispose of the Company's non-operational land which consists mainly of a country park and farmland.

The results of the Company for the year ended 31 December 2014 are set out on page 8 and show an operating loss of £1.8m (2013: loss £9.7m). The loss on ordinary activities after tax is £4.0m (2013: loss of £11.6m) reflecting the closure of the site with no operational trade. No dividend was paid to during the year (2013: £nil).

### Principal risks and uncertainties

The directors have identified the need to manage the Company's material financial risks, including foreign exchange, liquidity, credit and interest rate risks. These risks are monitored through a Group Treasury management function, which invests surplus funds, mitigates foreign exchange exposure and manages borrowings for Rio Tinto Group companies.

Rio Tinto Group Treasury also seeks to limit counter-party risk by conducting most of its banking and dealing activities with a limited number of major international banks, whose status is kept under review.

Conditional contracts have been agreed for the sale of the operational site and there is one area on the site where there is some contamination for which the Company will retain liability. The contamination is restricted to a small area of the site within a former process area. Whilst this area will be included in the site sale the Company has agreement to leaseback the area in order to complete any required trial and remediation works that may be required by the statutory authorities.

The trial works have commenced in order to determine what the best course of remedial action is to satisfy the regulatory authorities and as such there is some material uncertainty regarding the final cost of the works. However based on Management's experience of the site it is believed that the current provision is sufficient. In addition when the site sale has completed insurance has been sourced to mitigate any environmental risk to the any area outside the immediate area of contamination.

#### *Liquidity risk*

The Company finances its operations through a combination of retained profits and inter-company loans.

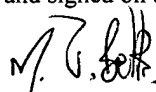
#### *Interest rate risk*

To the extent that the Company enters into inter-company loan agreements, the Company's exposure to interest rate risk arises on loans on which interest is charged at LIBOR. The Company does not participate in interest rate hedging.

#### *Credit risk*

Credit risk arises on the balances receivable from other members of the Rio Tinto Group. No material exposure is considered to exist in respect of inter-company balances.

Approved by the Board of Directors  
and signed on behalf of the Board on 24 September 2015



M J Betts  
Director

# **Anglesey Aluminium Metal Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

### **Indemnities and insurance**

Rio Tinto plc indemnify officers of subsidiary companies, who have been appointed by Rio Tinto plc, against liabilities arising from the conduct of the Group's business, to the extent permitted by law, by the placing of directors' and officers' insurance. The insurance indemnifies individual directors' and officers' personal legal liability and cost for claims arising out of actions taken in connection with Group business.

### **Environment**

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. The Company operates in accordance with the policies described in both Rio Tinto's annual reports which do not form a part of this report. Initiatives designed to minimise the Company's impact on the environment a recycling policy and minimising the production of waste, which cannot be recycled (both hazardous and non-hazardous).

### **Employees**

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 13.

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

The Company participates in the policies and practices to keep the employees informed on matters relevant to them as employees through regular meetings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their interests along with trade union consultation where necessary.

### **Operating leases**

Operating lease rentals payable are charged to the Profit and Loss account on a straight-line basis over the lease term. Any premium or discount on the acquisition of a lease is spread over the life of the lease on a straight-line basis.

### **Directors**

The composition of the Board of Directors at the date of this report is shown on page 1. The directors served throughout the year except as noted below.

Abel Martins Alexandre resigned 28th February 2014

Martin J Betts appointed 9th April 2014

No director holds shares in the Company.

No director had a material interest in any contract or arrangement during the period to which the Company is or was a party.

### **Donations**

Donations for charitable purposes made by the Company during the year amounted to £219,579 (2013: £25,575). The donations made during the year were made from the Legacy Fund approved by the Board of Directors. The Company made no donations during either year for political purposes as defined by the Companies Act 2006 as amended by the Political Parties, Elections and Referendums Act 2000.

# **Anglesey Aluminium Metal Limited**

## **Directors' report (continued)**

### **Policy regarding payment of creditors**

It is the Company's policy to abide by the terms of payment agreed with suppliers. In many cases the terms of payment are as stated in the suppliers' own literature. In other cases, the terms of payment are determined by specific written or oral agreement. The Company does not follow any published codes or standard on payment practices. Trade creditors at 2014 represented 48 days (2013: 7 days) of annual purchases.

### **Going concern**

As described further in note 2 to the financial statements, the entity ceased to trade on 31 March 2013. Consequently, as required by FRS 18, the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value.

The entity had net liabilities of £86.3m at the year-end (2013: £82.4m net liabilities). A large proportion of the liabilities due are comprised of a payable of £37.9m (2013: £37.9m) due to its ultimate parent Anglesey Aluminium Limited and a loan of £49.6m (2013: £49.0m) due to Rio Tinto Finance plc. The directors have obtained a letter of support from Anglesey Aluminium Limited which confirms it will not call upon the debt before the 31 December 2015. The maturity date on the loan due to Rio Tinto plc is the 31 December 2015. The Directors expect the loan to be extended beyond this date.

### **Auditor and disclosure of information to auditor**

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

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

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

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is the earlier.

# Anglesey Aluminium Metal Limited

## Statement of directors' responsibilities

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

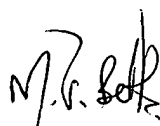
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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



M J Betts  
Secretary

24 September 2015

## **Independent auditor's report to the members of Anglesey Aluminium Metal Limited**

We have audited the financial statements of Anglesey Aluminium Metal Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, 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 (APB'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](http://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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter – financial statements prepared other than on a going concern basis**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

### **Emphasis of matter – uncertainty over rehabilitation provision**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 13 to the financial statements concerning the uncertainty over future rehabilitation costs in relation to the decommissioning of the Company's operating site. Estimates for the potential cost range between £0.5m and £8.0m. The directors have maintained a provision of £3.5m based on their experience. Any variation in future costs from this estimate would impact operating results and net assets accordingly.

### **Opinion on other matter prescribed by the Companies Act 2006**

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



## **Independent auditor's report to the members of Anglesey Aluminium Metal 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.

*Grant Thornton UK LLP*

Richard Hagley (Senior Statutory Auditor)  
for and on behalf of Grant Thornton UK LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
24 September 2015

## Anglesey Aluminium Metal Limited

### Profit and loss account Year ended 31 December 2014

|   | Notes | 2014<br>£'000 | 2013<br>£'000 |
|---|-------|---------------|---------------|
| Turnover                                    | 2     | 516           | 23,379        |
| Cost of sales                               |       | (713)         | (27,023)      |
| Gross loss                                  |       | (197)         | (3,644)       |
| Administrative expenses                     |       | (1,553)       | (6,037)       |
| Operating loss                              | 3     | (1,750)       | (9,681)       |
| Profit on the sale of tangible fixed assets |       | -             | 428           |
| Interest payable and similar charges        | 6     | (2,207)       | (2,327)       |
| Loss on ordinary activities before taxation |       | (3,957)       | (11,580)      |
| Tax charge on loss on ordinary activities   | 7     | -             | -             |
| Loss on ordinary activities after taxation  | 17    | (3,958)       | (11,580)      |

The Company ceased trading on 31 March 2013. The current and prior year results arose from discontinued operations.

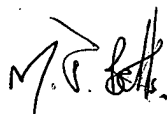
There are no recognised gains and losses for the current and preceding financial years other than the loss of £4.0m (2013: £11.6m) as shown above. Accordingly no separate statement of total recognised gains and losses is presented.

# Anglesey Aluminium Metal Limited

## Balance sheet 31 December 2014

|  | Notes | 2014<br>£'000          | 2013<br>£'000          |
|--|-------|------------------------|------------------------|
| <b>Fixed assets</b>  |       |                        |                        |
| Tangible assets  | 8     | -                      | 3,282                  |
| Investments  | 9     | 7                      | 8                      |
|  |       | <u>7</u>               | <u>8</u>               |
|  |       | 7                      | 3,290                  |
| <b>Current assets</b>  |       |                        |                        |
| Stocks   | 10    | -                      | 240                    |
| Debtors  | 10    | 4,479                  | 1,549                  |
| Cash at bank and in hand                                       |       | 2,319                  | 7,741                  |
|  |       | <u>6,798</u>           | <u>9,530</u>           |
| <b>Creditors: amounts falling due within one year</b>          | 11    | <u>(50,571)</u>        | <u>(50,302)</u>        |
| <b>Net current liabilities</b>                                 |       | <u>(43,773)</u>        | <u>(40,772)</u>        |
| <b>Total assets less current liabilities</b>                   |       | <u>(43,766)</u>        | <u>(37,482)</u>        |
| <b>Creditors: amounts falling due after more than one year</b> | 12    | (37,916)               | (37,916)               |
| <b>Provisions for liabilities and charges</b>                  | 13    | <u>(4,626)</u>         | <u>(6,952)</u>         |
| <b>Net liabilities</b>   |       | <u><u>(86,308)</u></u> | <u><u>(82,350)</u></u> |
| <b>Capital and reserves</b>                                    |       |                        |                        |
| Called up share capital  | 16    | -                      | -                      |
| Profit and loss account  | 17    | <u>(86,308)</u>        | <u>(82,350)</u>        |
| <b>Shareholders' deficit</b>                                   | 18    | <u><u>(86,308)</u></u> | <u><u>(82,350)</u></u> |

The financial statements of Anglesey Aluminium Metal Limited (registered number 909645) were approved by the Board of Directors and authorised for issue on 24 September 2015.



M J Betts  
Director

# **Anglesey Aluminium Metal Limited**

## **Notes to the financial statements Year ended 31 December 2014**

### **1. Basis of accounting**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted, which have been applied consistently in the current and prior years, are described below.

The financial statements are prepared in accordance with the historical cost convention.

### **2. Accounting policies**

#### **Turnover**

Turnover represents sales, net of VAT, in the United Kingdom for sales of equipment, commercial and residential rentals, jetty berthing fees, sale of surplus EU ETS Carbon Credits and option payments.

#### **Cash flow statement**

Anglesey Aluminium Metal Limited is exempt from the preparation of a cash flow statement under FRS 1 (Revised 1998) "Cash Flow Statements" on the basis that it is a subsidiary undertaking where 90% or more of the voting rights are controlled within the group. The consolidated financial statements of Anglesey Aluminium Limited, which include Anglesey Aluminium Metal Limited, are publicly available.

#### **Fixed asset investments**

Tradable carbon credits are included at cost less provision for any impairment.

#### **Depreciation**

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

For all other tangible fixed assets depreciation is calculated on a straight line basis calculated to write down to their estimated residual values over the year of their estimated useful economic lives, which is considered to be fifteen years unless they form part of the plant and machinery assets which have been impaired to a residual value where no depreciation is charged.

#### **Taxation**

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax is not provided on unremitted earnings where there is no binding commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value on a first-in-first-out basis. Cost, in the case of work in progress and finished stocks of metal, includes materials, labour and all appropriate overheads.

#### **Current assets held for resale**

It is anticipated that the site will be sold within the next 12 months and so the fixed assets have been transferred to current assets at book value and categorised as assets held for sale. These assets are held at net book value rather than expected sales value.

# **Anglesey Aluminium Metal Limited**

## **Notes to the financial statements Year ended 31 December 2014**

### **2. Accounting policies (continued)**

#### **Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

#### **Pensions**

The expected cost of pensions in respect of Rio Tinto plc defined benefit pension schemes in which the Company participates is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes in line with the allocation by the principal employer of such variation between companies in the scheme. The pension cost is assessed in accordance with the advice of qualified actuaries.

The Company is unable to identify its share of the underlying assets and liabilities as each employer is exposed to actuarial risks associated with the current and former employees of other entities participating in the Rio Tinto plc Pension Fund. A review of the whole fund was prepared at 31 December 2014 by an independent qualified actuary for the purposes of IAS 19. At that date the fund had a total surplus of £16.0 million.

The existence of this surplus does not affect the rate at which the Company pays contributions as this is determined by the normal Trustee funding valuation.

For defined contribution schemes the amount charged to the profit and loss account is the contribution payable in the year. This is a multi-employer scheme so no FRS 17 disclosures are required in the financial statements. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Operating leases**

Rentals are charged to the profit and loss account in equal annual amounts over the lease term.

#### **Rehabilitation provision**

In accordance with FRS 12 'Provisions, Contingent Liabilities and Contingent Assets' a provision for certain costs relating to the future closure of the plant has been established. The rehabilitation provision is for certain costs relating to the future closure of the plant. This provision reflects an estimate of the costs to be incurred to allow the sale of the site. The uncertainty over the future costs of decommissioning is explained in note 13.

# Anglesey Aluminium Metal Limited

## Notes to the financial statements Year ended 31 December 2014

### 2. Accounting policies (continued)

#### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on pages 2-5.

The entity had net liabilities of £86.3m at the year-end (2013: £82.4m net liabilities). A large proportion of the liabilities due are comprised of a payable of £37.9m (2013: £37.9m) due to its ultimate parent Anglesey Aluminium Limited and a loan of £49.6m (2013: £49.0m) due to Rio Tinto Finance plc. The directors have obtained a letter of support from Anglesey Aluminium Limited which confirms it will not call upon the debt before the 31 December 2015. The maturity date on the loan due to Rio Tinto plc is the 31 December 2015. The Directors expect the loan to be extended beyond this date.

The entity ceased to trade on 31 March 2013. Consequently as required by FRS 18 the financial statements have been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the company's assets to net realisable value. The financial statements do not include any provision for the future costs of terminating the business of the company except to the extent that such were committed at the balance sheet date. No adjustments arose as a result of ceasing to apply the going concern basis.

#### Preparation of group accounts

These accounts present information relating to Anglesey Aluminium Metal Limited, an individual undertaking and not its associated companies. In the opinion of the directors the company is exempt from preparing consolidated accounts under Section 400 of Companies Act 2006. Group accounts are prepared for the immediate parent company, Anglesey Aluminium Limited, a company registered in England and Wales.

### 3. Operating loss

|  | 2014<br>£'000     | 2013<br>£'000     |
|--|-------------------|-------------------|
| Operating loss is arrived at after charging:                                     |                   |                   |
| Depreciation of tangible assets – owned assets                                   | -                 | (17)              |
| Fees payable to the company's auditor for audit of the Company's annual accounts | (36)              | (54)              |
| Fees payable to the Company's auditor for non-audit services                     | -                 | -                 |
| Operating lease rentals:   |                   |                   |
| Hire of plant and machinery  | (12)              | (41)              |
| Other operating leases   | -                 | (20)              |
|  | <u>          </u> | <u>          </u> |

# Anglesey Aluminium Metal Limited

## Notes to the financial statements Year ended 31 December 2014

### 4. Employees

|   | 2014<br>No.  | 2013<br>No.  |
|---|--------------|--------------|
| The average number of persons employed in each of the following categories (including directors) during the year was: |              |              |
| Production  | 16           | 40           |
| Administration  | 8            | 8            |
|   | <u>24</u>    | <u>48</u>    |
|   | <b>£'000</b> | <b>£'000</b> |
| Staff costs, including directors, during the year:  |              |              |
| Wages and salaries  | 1,265        | 4,717        |
| Social security costs   | 116          | 244          |
| Other pension costs   | 3            | 55           |
|   | <u>1,384</u> | <u>5,016</u> |

### Pension costs

Employees who joined the Company before 1 April 2005 were eligible to participate in the Rio Tinto Pension Fund (the 'Fund'). The assets of the Fund are held in a separate trustee administered fund.

The Rio Tinto Pension Fund provides benefits on both a defined benefit and a defined contribution basis. However, any contributions paid by the Company are accounted as if the scheme were a defined contribution scheme, as the Company is unable to identify its share of the underlying assets and liabilities in the scheme. Currently 38.1% of employee salaries is paid as additional pension contributions into the fund. A one-off contribution was made to the Rio Tinto Pension Fund of £70,000,000 on 30 September 2009, accounted for as an additional contribution of employers' pension payment of employees' salaries.

An annual valuation of the Fund was carried out by independent qualified actuaries on 31 December 2014 under International Accounting Standards 19 "Employee Benefits" and on this basis the Fund had a surplus of £16m.

Employees who join on or after 1 April 2005 are eligible to join the Anglesey Aluminium Metal Group Personal Pension Plan, a defined contribution stakeholder pension in association with Standard Life. Contributions amounted to £3,423 (11%) (2013: £54,679 (6%)). At 31 December 2014 there were £nil (2013: £nil) prepaid pension contributions.

## Anglesey Aluminium Metal Limited

### Notes to the financial statements Year ended 31 December 2014

#### 5. Directors

The emoluments (excluding pension scheme contributions) of the directors were as follows:

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Emoluments  | 189           | 187           |
| Company contributions to money purchase pension schemes | 70            | 86            |
|   | <u>259</u>    | <u>273</u>    |

One of the four (2013: three) directors who served during the year were members of a Rio Tinto plc defined benefit pension scheme.

The emoluments of the highest paid director were £189,495 (2013: £186,454), with company pension contributions of £70,035 (2013: £86,353).

#### 6. Interest payable and similar charges

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Rehabilitation provision finance charge | -             | 118           |
| Bank interest                           | 2             | 4             |
| Loan interest                           | 2,205         | 2,205         |
|   | <u>2,207</u>  | <u>2,327</u>  |



# Anglesey Aluminium Metal Limited

## Notes to the financial statements Year ended 31 December 2014

### 7. Tax charge on loss on ordinary activities

#### (a) Analysis of tax in the year

|                                       | 2014<br>£'000 | 2013<br>£'000 |
|---------------------------------------|---------------|---------------|
| UK corporation tax at 23% (2013: 24%) |               |               |
| Current taxation                      | -             | -             |
| Deferred taxation (see note 14)       | -             | -             |
|                                       | <u>-</u>      | <u>-</u>      |
| Tax charge for year                   | <u>-</u>      | <u>-</u>      |

#### (b) Factors affecting tax charge for the year

|   | 2014<br>£'000  | 2013<br>£'000   |
|---|----------------|-----------------|
| Loss on ordinary activities before tax  | (3,958)        | (11,580)        |
|   | <u>(3,958)</u> | <u>(11,580)</u> |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation at 21.49% (2013: 24%) | (851)          | (2,692)         |
| Effects of:   |                |                 |
| Expenses not deductible for tax purposes  | -              | 28              |
| Capital allowances in excess of depreciation  | (2)            | 130             |
| Change in provision leading to increase in tax charge   | -              | (930)           |
| Tax deduction arising from exercise of employee options   | -              | (103)           |
| Losses carried forward  | 424            | 3,567           |
| Group Relief  | 428            | -               |
|   | <u>424</u>     | <u>3,567</u>    |
| Current tax credit for year (note 7(a))   | -              | -               |
|   | <u>-</u>       | <u>-</u>        |

Reductions to the main rate of UK corporation tax, to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015, were substantively enacted on 2 July 2013.

# Anglesey Aluminium Metal Limited

## Notes to the financial statements Year ended 31 December 2014

### 8. Tangible fixed assets

|                                      | Freehold<br>land and<br>buildings<br>£'000 | Plant and<br>machinery<br>£'000 | Fixtures,<br>fittings and<br>equipment<br>£'000 | Assets<br>in course of<br>construction<br>£'000 | Total<br>£'000 |
|--------------------------------------|--|---------------------------------|---|---|----------------|
| <b>Cost</b>                          |  |                                 |   |   |                |
| At 1 Jan 2014                        | 1,793                                      | 98,950                          | 5,766   | 753   | 107,262        |
| Additions during the year            | -  | -                               | -   | -   | -              |
| Disposals/Transfer to Current Assets | (1,793)                                    | (98,950)                        | (5,766)   | (753)   | (107,262)      |
| At 31 December 2014                  | -  | -                               | -   | -   | -              |
| <b>Accumulated depreciation</b>      |  |                                 |   |   |                |
| At 1 January 2014                    | 1,217                                      | 97,063                          | 5,700   | -   | 103,980        |
| Amount charged in the year           | -  | -                               | -   | -   | -              |
| Disposals/Transfer to Current Assets | (1,217)                                    | (97,063)                        | (5,700)   | -   | (103,980)      |
| At 31 December 2014                  | -  | -                               | -   | -   | -              |
| <b>Net book value</b>                |  |                                 |   |   |                |
| At 31 December 2014                  | -  | -                               | -   | -   | -              |
| At 31 December 2013                  | 576  | 1,887                           | 66  | 753   | 3,282          |

### 9. Fixed asset investments

|                          | 2014<br>£'000 | 2013<br>£'000 |
|--------------------------|---------------|---------------|
| <b>Cost</b>              | 416           | 416           |
| Provision for impairment | (409)         | (409)         |
| <b>Net book value</b>    | 7             | 7             |
|                          | 2014<br>£     | 2013<br>£'000 |
| At start of year         | 1             | 1             |
| Additions                | -             | -             |
| At end of year           | 1             | 1             |

The investment is a 100% holding in the subsidiary undertaking Anglesey Aluminium Metal Renewables Limited, which was established to investigate the viability of a biomass plant on the Anglesey site.

# Anglesey Aluminium Metal Limited

## Notes to the financial statements Year ended 31 December 2014

### 10. Current assets

|                          | 2014<br>£'000 | 2013<br>£'000 |
|--------------------------|---------------|---------------|
| <b>Stocks:</b>           |               |               |
| Raw materials and stores | -             | 240           |
|                          | <u>-</u>      | <u>240</u>    |

There is no material difference between the balance sheet value of stocks and their replacement cost.

|   | £'000        | £'000        |
|---|--------------|--------------|
| <b>Debtors (all due in less than one year):</b>               |              |              |
| Assets held for resale (Transfer from tangible fixed assets)  | 3,282        | -            |
| Trade debtors   | -            | 27           |
| VAT receivable  | 57           | 318          |
| Amounts owed by Rio Tinto plc and its subsidiary undertakings | 14           | 71           |
| Other debtors   | -            | 7            |
| Amounts owed by group undertakings                            | 1,126        | 1,126        |
|   | <u>4,479</u> | <u>1,549</u> |

### 11. Creditors: amounts falling due within one year

|   | 2014<br>£'000 | 2013<br>£'000 |
|---|---------------|---------------|
| Trade creditors   | 297           | 534           |
| VAT creditor  | -             | -             |
| Other creditors including taxation and social security        | 468           | 735           |
| Amounts owed to Rio Tinto plc and its subsidiary undertakings | 251           | 32            |
| Amounts due to subsidiary undertaking                         | -             | 1             |
| Amounts owed to Rio Tinto Finance plc – pension loan          | 49,555        | 49,000        |
|   | <u>50,571</u> | <u>50,302</u> |

The loan owed to Rio Tinto Finance plc bears an interest rate of LIBOR + 2.5% subject to a floor of 4.5% and a cap of 7% and is due for repayment on 31 December 2015.

## Anglesey Aluminium Metal Limited

### Notes to the financial statements Year ended 31 December 2014

#### 12. Creditors: amounts falling due after more than one year

|  | 2014<br>£'000 | 2013<br>£'000 |
|--|---------------|---------------|
| Amounts owed to immediate parent Company | 37,916        | 37,916        |
|  | <u>37,916</u> | <u>37,916</u> |

No interest is charged on the amount owed to the immediate parent company.

#### 13. Provisions for liabilities and charges

|                                  | Rehabilitation<br>provision<br>£'000 | Redundancy<br>provision<br>£'000 | Share based<br>payments<br>£'000 | Total<br>£'000 |
|----------------------------------|--------------------------------------|----------------------------------|----------------------------------|----------------|
| At 1 January 2014                | 6,010                                | 910                              | 32                               | 6,952          |
| Additional provision in the year | 460                                  | 225                              | -                                | 685            |
| Utilisation during the year      | (2,941)                              | (70)                             | -                                | (3,011)        |
| At 31 December 2014              | <u>3,529</u>                         | <u>1,065</u>                     | <u>32</u>                        | <u>4,626</u>   |

The share based payments provision relates to the current estimate of the amount that will become payable to Rio Tinto in respect of the Share Savings Plan. The share based payments are for three and five year options expecting to be claimed for the current year through to the final one in 2015. There have been no new share offers in 2014.

The redundancy provision is for future costs which relate specific employees that have their notice of redundancy at the year end date.

The rehabilitation provision is for certain costs relating to the closure of the plant. This provision relates to the costs for an area of contamination on the site. There are investigations and trials ongoing to determine the final cost of clean-up. The current cost estimation is within the range of £500,000 to £8,000,000.

The operational land has a conditional contract exchange for the sale of the site. This sale is currently anticipated to complete prior to the end of 2015. The land which is subject to contamination will be leased back from the purchaser in order that the required remedial works can be completed. The directors assessed the current level of provision to be appropriate.

# Anglesey Aluminium Metal Limited

## Notes to the financial statements Year ended 31 December 2014

### 14. Deferred taxation

The major elements of the amount of deferred tax recognised and unrecognised in the financial statements are as follows:

|            | Recognised    |               | Unrecognised  |               |
|------------|---------------|---------------|---------------|---------------|
|            | 2014<br>£'000 | 2013<br>£'000 | 2014<br>£'000 | 2013<br>£'000 |
| Tax losses | -             | -             | 7,329         | 6,396         |
|            | -             | -             | 7,329         | 6,396         |

Based on the decision to cease remelt operations there may be no taxable profits generated against which unrecognised losses can be utilised. The unrecognised amounts are not expected to crystallise.

### 15. Operating lease commitments

At 31 December 2014 the Company was committed to make the following payments during the next year in respect of operating leases:

|                      | 2014                           |                | 2013                           |                |
|----------------------|--------------------------------|----------------|--------------------------------|----------------|
|                      | Land and<br>buildings<br>£'000 | Other<br>£'000 | Land and<br>buildings<br>£'000 | Other<br>£'000 |
| Leases which expire: |                                |                |                                |                |
| Within one year      | -                              | -              | -                              | -              |
| After five years     | -                              | -              | -                              | 30             |
|                      | -                              | -              | -                              | -              |

### 16. Called up share capital

|  | 2014<br>£ | 2013<br>£ |
|--|-----------|-----------|
| <b>Allotted, called up and fully paid:</b> |           |           |
| 2 ordinary shares of £1 each               | 2         | 2         |

## Anglesey Aluminium Metal Limited

### Notes to the financial statements Year ended 31 December 2014

#### 17. Profit and loss account

|  | 2014<br>£'000   | 2013<br>£'000   |
|--|-----------------|-----------------|
| At start of year                             | (82,350)        | (70,770)        |
| (Loss) on ordinary activities after taxation | (3,958)         | (11,580)        |
| At end of year                               | <u>(86,308)</u> | <u>(82,350)</u> |

#### 18. Reconciliation of movements in shareholders' deficit

|  | 2014<br>£'000   | 2013<br>£'000   |
|--|-----------------|-----------------|
| (Loss) for the financial year                  | (3,958)         | (11,580)        |
| Net (decrease)/increase to shareholders' funds | (3,958)         | (11,580)        |
| Opening shareholders' deficit                  | <u>(82,350)</u> | <u>(70,770)</u> |
| Closing shareholders' deficit                  | <u>(86,308)</u> | <u>(82,350)</u> |

#### 19. Ultimate parent company

The immediate parent company Anglesey Aluminium Limited, a company registered in England and Wales, prepares financial statements which consolidate the results of Anglesey Aluminium Metal Limited.

Anglesey Aluminium Limited was a joint venture whose ultimate parents are Rio Tinto plc (incorporated in England and Wales) and Kaiser Aluminium Corporation (incorporated in the United States). Effective from November 2013 Anglesey Aluminium Limited became a wholly owned subsidiary of Rio Tinto Aluminium Holdings (UK) Limited and was subsequently transferred to Rio Tinto International Holdings Limited on 9<sup>th</sup> December 2014.

The largest and smallest group of companies of which the Company is a member and which prepares consolidated financial statements within the Rio Tinto group is Rio Tinto plc, a company incorporated in Great Britain and registered in England and Wales. The consolidated accounts of the parent are available to the public and are available from:

Rio Tinto, 6 St James's Square, London, SW1Y 4AD.

## Anglesey Aluminium Metal Limited

### Notes to the financial statements Year ended 31 December 2014

#### 20. Related parties disclosure

Anglesey Aluminium Metal Limited is owned by Anglesey Aluminium Limited, which from November 2013 became wholly owned by Rio Tinto International Holdings Limited,

Certain employees of the Company are members of the Rio Tinto pension scheme. No employers' contributions were paid or payable into the scheme in either the current or prior year, however the Company paid an accident premium of £6,414 (2013: £27,506) into the scheme.

The Company makes use of the treasury function of Rio Tinto Finance plc, and invests surplus cash balances with them on a weekly basis. The amount invested by Rio Tinto Finance plc on behalf of the Company as at 2014 amounted to £ 1,758,420 (2013: £843).

All services provided to these related parties were provided as part of the Company's normal business.

The amounts payable for services rendered during the year are included in administrative expenses and disclosed in the table below:

|                             | <b>Rio Tinto Aluminium<br/>Holdings (UK) Limited</b> |              |
|-----------------------------|--|--------------|
|                             | <b>2014</b>  | <b>2013</b>  |
|                             | <b>£'000</b>   | <b>£'000</b> |
| Aluminium sold              | -  | 11,338       |
| Consultancy advice obtained | -  | -            |
| Due from                    | -  | 71           |
|                             | <hr/>  | <hr/>        |