

BASF METALS RECYCLING LIMITED

Strategic Report, Directors' Report and financial statements

for the year ended 31 December 2015

Company Registration No. 933890



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BASF METALS RECYCLING LIMITED

Strategic Report for the year ended 31 December 2015

The directors present their Strategic Report for the year ended 31 December 2015.

Principal activity

The company's principal activity is the recovery of precious metals from scrap auto catalyst material.

Fair review of the business

Performance

The company made a loss after tax of £1,947,000 (2014: loss of £4,096,000). In the prior year the site ceased activity in the traditional and electronic recycling markets and closed the burning and melting operations at Cinderford. 2015 was the first full year where the business focused solely on the auto catalyst market, aligning the operation with the BASF strategy of supporting the supply chain of platinum group metal recovery and products.

Platinum group metal prices declined throughout the year, continuing the decline from the prior year, which has impacted the activity in the auto catalyst recycling market. The operation successfully focused activities during the year to enable an efficient turnaround from receiving customer material to obtaining an analytical result of the precious metal contents. Despite the auto catalyst market deterioration and the impact of closing the traditional operations in 2014, the site was able to grow volume for auto catalyst recovery by 4%.

Sales excluding precious metals, a major indicator to measure growth and performance, reduced from £12,828,000 in 2014 to £6,237,000 in 2015 – a decrease of 51% due to exiting the traditional markets in 2014 and the decline in precious metal prices. Auto catalyst refining sales reduced from £6,270,000 in 2014 to £5,180,000 – a decrease of 17% due to the reduction in prices affecting contractual precious metal retentions.

Responsible Care

Safety of employees, contractors and visitors on site is of primary importance to the company. There were no lost time accidents in 2015 or 2014.

The company has ambitious environmental, health and safety goals and will continue to invest in a safer operating environment, increase waste recycling and reduce greenhouse emissions by investing in energy efficient equipment.

During the year the site had a BASF internal responsible care audit and achieved the most successful audit of any BASF operation to date, resulting in a site recognition award for continuing improvements in responsible care. In addition, the site participated in the BASF Group Global Safety days; the aim was to make successful safety work visible, tangible and to discuss possibilities for networking and improvement.

Environmental

The company has established global objectives to be achieved by the year 2020. BASF use efficient processes while simultaneously protecting the environment, since we consume less resources as well as reducing emissions and waste.

New technologies to improve energy consumption and reduce emissions to the environment are continually being tested, evaluated and installed.

Outlook for 2016

The company has ambitious targets to continue to grow their market share of the European auto catalyst recycling market, regardless of the platinum group precious metal prices. The company will continue to strengthen the relationship with other BASF sites involved in the supply chain for auto catalyst.

In September 2015 a press release was issued that due to consolidation of operations, in addition to being the BASF's European recycling hub for scrap auto catalysts, the Cinderford site will serve as a regional transfer centre for European spent chemical catalyst recycling customers. The first deliveries of chemical catalyst commenced soon after the press release and communication to customers.

BASF METALS RECYCLING LIMITED

Strategic Report for the year ended 31 December 2015

Risks and uncertainties

Precious metal prices and currency fluctuations continue to cause concern, which may have an impact on the financial result of the company.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit.

Transactions involving derivatives are with counterparties with whom the company has a signed netting agreement.

Interest rate risk

The company's variable-rate borrowings and deposits are exposed to a risk of change in cash flows due to changes in interest rates.

Foreign exchange risk

The company is exposed to foreign exchange risk as a result of having financial assets and liabilities in foreign currencies.

Market risk

Market risk is constantly monitored by a combination of reports and market information systems.

Liquidity risk

Liquidity is monitored daily to ensure the company is able to honour all its financial liabilities as they fall due. The company has access to a variety of deposit sources which provide access to considerable funding.

ON BEHALF OF THE BOARD



R Smallwood
Director

Date:

Forest Vale Road, Cinderford,
Gloucestershire, GL14 2PH
United Kingdom

27 September 2016

BASF METALS RECYCLING LIMITED

Directors' Report for the year ended 31 December 2015

The directors present their report and the financial statements of BASF Metals Recycling Limited for the year ended 31 December 2015.

Directors

The following persons have been directors of the company during the year, and subsequently:

R Smallwood
S Hatton

Proposed dividend

The directors do not recommend the payment of a dividend (2014: £nil).

Political contributions

The company made no political contributions during the year (2014: £nil).

Disclosure of information to auditor

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

Auditor

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

ON BEHALF OF THE BOARD



R Smallwood
Director

Date:

Forest Vale Road, Cinderford,
Gloucestershire, GL14 2PH
United Kingdom

27 September 2016

BASF METALS RECYCLING LIMITED

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

66 Queen Street
Bristol
BS1 4BE
United Kingdom

Independent Auditor's Report to the Members of BASF Metals Recycling Limited

We have audited the financial statements of BASF Metals Recycling Limited for the year ended 31 December 2015 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters 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 BASF Metals Recycling 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.

A handwritten signature in black ink, appearing to be 'N. Hall', with a long horizontal stroke extending to the right.

Nicholas Hall (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

66 Queen Street

Bristol

BS1 4BE

29 September 2016

BASF METALS RECYCLING LIMITED

Profit and Loss Account for the year ended 31 December 2015

	Notes	2015 £000	2015 £000	2015 £000	2014 £000	2014 £000	2014 £000
		Continuing operations	Dis- continued operations	Total	Continuing operations	Dis- continued operations	Total
Turnover	3	66,643	6,139	72,782	74,028	74,667	148,695
Cost of sales		(67,810)	(5,231)	(73,041)	(75,040)	(73,806)	(148,846)
Gross (loss)/profit		(1,167)	908	(259)	(1,012)	861	(151)
Distribution costs		(1,166)	(37)	(1,203)	(870)	(378)	(1,248)
Administrative expenses		(804)	-	(804)	(661)	(150)	(811)
Operating (loss)/profit	5	(3,137)	871	(2,266)	(2,543)	333	(2,210)
Restructuring		-	-	-	-	(2,790)	(2,790)
Interest receivable and similar income	6	-	-	-	7	8	15
Interest payable and similar charges	7	(59)	-	(59)	(34)	(34)	(68)
(Loss)/profit on ordinary activities before taxation		(3,196)	871	(2,325)	(2,570)	(2,483)	(5,053)
Tax on (loss)/profit on ordinary activities	10	662	(284)	378	445	512	957
(Loss)/profit for the financial year		(2,534)	587	(1,947)	(2,125)	(1,971)	(4,096)

The accompanying notes on pages 11 to 20 form an integral part of these financial statements.

BASF METALS RECYCLING LIMITED

Statement of Comprehensive Income for the year ended 31 December 2015

	2015	2014
	£000	£000
Loss for the year	(1,947)	(4,096)
Total comprehensive income for the year	(1,947)	(4,096)

The company had no other comprehensive income in either year, other than the loss for the year.

The accompanying notes on pages 11 to 20 form an integral part of these financial statements.

BASF METALS RECYCLING LIMITED

Balance Sheet at 31 December 2015

	Notes	2015 £000	2014 £000
FIXED ASSETS			
Tangible assets	11	2,708	2,536
CURRENT ASSETS			
Debtors: amounts falling due within one year	12	3,204	3,407
Cash at bank and in hand		233	430
		<u>3,437</u>	<u>3,837</u>
CREDITORS			
Amounts falling due within one year	13	(5,940)	(3,295)
NET CURRENT (LIABILITIES)/ASSETS		<u>(2,503)</u>	<u>542</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		205	3,078
PROVISIONS FOR LIABILITIES			
Deferred tax liability	14	(42)	(4)
Provision for liabilities and charges	14	(22)	(986)
NET ASSETS		<u>141</u>	<u>2,088</u>
CAPITAL AND RESERVES			
Called up share capital	15	1	1
Profit and loss account		140	2,087
SHAREHOLDER'S FUNDS		<u>141</u>	<u>2,088</u>

The accompanying notes on pages 11 to 20 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 27 September 2016 and were signed on its behalf by:



R Smallwood
Director

Company Registration No. 933890

BASF METALS RECYCLING LIMITED

Statement of Changes in Equity for the year ended 31 December 2015

	Share Capital £000	Profit and loss account £000	Total £000
At 1 January 2014	1	6,183	6,184
Loss for the year	-	(4,096)	(4,096)
	<hr/>	<hr/>	<hr/>
At 31 December 2014	1	2,087	2,088
	<hr/>	<hr/>	<hr/>
	Share Capital £000	Profit and loss account £000	Total £000
At 1 January 2015	1	2,087	2,088
Loss for the year	-	(1,947)	(1,947)
	<hr/>	<hr/>	<hr/>
At 31 December 2015	1	140	141
	<hr/>	<hr/>	<hr/>

The accompanying notes on pages 11 to 20 form an integral part of these financial statements

BASF METAL RECYCLING LIMITED

Notes to the financial statements for the year ended 31 December 2015

1 GENERAL INFORMATION

The company is a private company limited by share capital incorporated in England.

2 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard FRS 102 *'The Financial Reporting Standard applicable in the UK and Republic of Ireland'* ("FRS 102").

In the transition to FRS 102 from old UK GAAP, the company has made presentational adjustments to the comparative information. An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the company is provided in note 22.

(b) Basis of preparation

The financial statements have been prepared using the historical cost convention except that, as disclosed in the accounting policies, certain items are shown at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

(c) Summary of disclosure exemptions

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at 1 January 2014 rather than commencement date of the arrangement.

The company's ultimate parent undertaking, BASF Societas Europea ("BASF SE") includes the company in its consolidated financial statements. The consolidated financial statements of BASF SE are prepared in accordance with International Financial Reporting Standards as adopted by the EU. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation

The financial statements of BASF SE may be obtained from BASF Societas Europea, 67056 – Ludwigshafen, Germany.

(d) 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 Strategic report and Directors' report on pages 1-3.

The financial statements have been prepared on a going concern basis, which assumes the company will continue in operational existence for the foreseeable future. The ability of the company to continue as a going concern is reliant on the ongoing financial support provided by BASF Group. The directors, having made appropriate enquiries and having regard to the continuing support from the Group, consider it appropriate to prepare the financial statements on a going concern basis.

BASF METAL RECYCLING LIMITED

Notes to the financial statements for the year ended 31 December 2015

2 ACCOUNTING POLICIES (continued)

(e) Revenue recognition

Turnover comprises the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax. Turnover on sale of goods is recognised when the goods are dispatched to the customer. Turnover for services is recognised in the accounting period in which the services are rendered.

(f) Translation of foreign currencies

Where contracts are entered into for the forward purchase or sale of other currencies, the related transactions are translated into sterling at the contract rates. Where such currency contracts are not entered into, transactions other than sterling are translated into sterling at the rates of exchange prevailing at the time those transactions are accounted for.

Non-monetary assets and liabilities denominated in currencies other than sterling have been translated at their historical rate of exchange.

Other non-sterling denominated assets and liabilities not covered by foreign currency contracts are translated into sterling at the closing rates of exchange at the balance sheet date. All differences arising are taken to the profit and loss account.

(g) Leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense

(h) Taxation

Tax on profit or loss for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company.

Deferred tax is measured at the rate that is expected to apply to the reversal of the related difference, using tax rates that have been enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable.

(i) Discontinued operations

Discontinued operations are components of the company that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation.

They are included in the profit and loss account in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

BASF METAL RECYCLING LIMITED

Notes to the financial statements for the year ended 31 December 2015

2 ACCOUNTING POLICIES (continued)

(j) Tangible fixed assets

Tangible fixed assets are stated at cost, including any incidental costs of acquisition, net of depreciation and any provision for impairment.

Depreciation is provided on a straight line basis over the expected useful lives of tangible fixed assets, as follows:

Leasehold improvements	15 - 20 years
Plant, machinery, fixtures and fittings, computers and equipment	3 - 10 years

No depreciation is charged on construction under progress until the asset becomes operational.

(k) Financial instruments

A financial instrument is recognised if the company becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the company's contractual rights to the cash flows from the financial assets expire, or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled.

(i) Basic financial instruments

Basic financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

(ii) Other financial instruments

Derivative financial instruments comprise precious metal forward contracts and foreign exchange forward contracts.

Derivatives are recognised at fair value with all changes being recognised in the profit and loss account. All unrealised gains and losses from precious metal forward contracts and foreign exchange forward contracts represent market-to-market assets and liabilities and are included in debtors and creditors respectively. Market values of positions are determined using quoted prices and other market data which is a close approximation of fair value.

(l) Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

(m) Share Capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

BASF METAL RECYCLING LIMITED

Notes to the financial statements for the year ended 31 December 2015

3 SEGMENTAL ANALYSIS

Turnover derives wholly from the refining of precious and other metals.

Turnover by destination is analysed as follows:

	2015	2014
	£000	£000
Geographical area:		
United Kingdom	65,028	126,375
Other Europe	7,610	19,176
USA and Canada	1	2,108
Asia	1	582
Africa	-	58
Middle East	142	396
	<u>72,782</u>	<u>148,695</u>

4 CONTINUING AND DISCONTINUED OPERATIONS

The company announced in May 2014 that it would cease activity in the traditional and electronic recycling markets. The corresponding amounts have been classified and stated in the profit and loss account as discontinued operations.

5 EXPENSES AND AUDITOR'S REMUNERATION

Included in profit/loss are the following:

	2015	2014
	£000	£000
Auditor's remuneration: audit of these financial statements	27	27
Operating leases: Plant and machinery	-	49
Other	216	290
Depreciation of owned fixed assets	286	345
Impairment of owned fixed assets	-	861
	<u> </u>	<u> </u>

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2015	2014
	£000	£000
On amounts due from group undertakings	-	8
Other loans and receivables	-	7
	<u> </u>	<u> </u>
	<u> </u>	<u>15</u>

BASF METAL RECYCLING LIMITED

Notes to the financial statements for the year ended 31 December 2015

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£000	£000
Foreign exchange losses	45	68
On amounts due to group undertakings	14	-
	<u>59</u>	<u>68</u>
	<u><u>59</u></u>	<u><u>68</u></u>

8 EMPLOYEES

On 1 August 2009 all employees were transferred to BASF Metals Limited, a fellow subsidiary of the ultimate parent company. Costs are recharged from BASF Metals Limited for the services performed by staff located at BASF Metals Recycling Limited.

9 DIRECTORS

S Hatton and R Smallwood were employed by a subsidiary of the ultimate parent company and did not receive any emoluments for their services as directors of the company during the current or prior year.

10 TAXATION

Total tax expense recognised in the profit and loss account

	2015	2014
	£000	£000
Current tax		
UK corporation tax	(510)	(930)
Adjustments in respect of previous periods	94	6
Total current tax	<u>(416)</u>	<u>(924)</u>
Deferred tax		
Origination and reversal of timing differences	39	(140)
Adjustments in respect of previous periods	(1)	107
Total deferred tax	<u>38</u>	<u>(33)</u>
Total tax credit on ordinary activities	<u><u>(378)</u></u>	<u><u>(957)</u></u>

BASF METAL RECYCLING LIMITED

Notes to the financial statements for the year ended 31 December 2015

10 TAXATION (continued)

Reconciliation of effective tax rate

	2015 £000	2014 £000
Loss for the year	(1,947)	(4,096)
Total tax credit	(378)	(957)
Loss excluding taxation	(2,325)	(5,053)
Corporation tax at standard rate of 20.25% (2014: 21.5%)	(471)	(1,086)
Effects of:		
Reduction in rate on deferred tax balances	(1)	-
Non-deductible expenses	5	5
Recognition of previously unrecognised timing differences	-	107
Other timing differences	(4)	11
Adjustments in respect of previous periods	93	6
Total tax credit included in profit or loss	(378)	(957)

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

An additional reduction to 17% effective from 1 April 2020 was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability at 31 December 2015 by approximately £2,000.

BASF METAL RECYCLING LIMITED

Notes to the financial statements for the year ended 31 December 2015

11 TANGIBLE FIXED ASSETS

		Leasehold improve- ments £000	Plant and warehouse equipment £000	Fixtures, fittings, tools and equipment £000	Construction under progress £000	Total £000
Cost:	At 1 January 2015	809	3,776	175	960	5,720
	Additions	2	52	-	413	467
	Transfers between categories	5	802	-	(807)	-
	Disposals	(70)	(2,131)	(78)	-	(2,279)
	At 31 December 2015	<u>746</u>	<u>2,499</u>	<u>97</u>	<u>566</u>	<u>3,908</u>
Depreciation:	At 1 January 2015	220	2,827	137	-	3,184
	Provided during the year	55	217	14	-	286
	Disposals	(65)	(2,127)	(78)	-	(2,270)
	At 31 December 2015	<u>210</u>	<u>917</u>	<u>73</u>	<u>-</u>	<u>1,200</u>
Net book value:	At 31 December 2015	<u>536</u>	<u>1,582</u>	<u>24</u>	<u>566</u>	<u>2,708</u>
	At 31 December 2014	<u>589</u>	<u>949</u>	<u>38</u>	<u>960</u>	<u>2,536</u>

The annual impairment review recognised impairment for the year of £nil (2014: £861,000).

12 DEBTORS: amounts falling due within one year

	2015 £000	2014 £000
Trade debtors	71	59
Amounts owed by group undertakings	1,519	1,282
Other debtors	1,572	2,037
Prepayments and accrued income	42	29
	<u>3,204</u>	<u>3,407</u>

All amounts owed by group undertakings are repayable on demand.

13 CREDITORS: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	1,404	2,346
Amounts group undertakings	4,401	531
Taxation and social security	37	46
Accruals and deferred income	98	372
	<u>5,940</u>	<u>3,295</u>

All amounts owed to group undertakings are repayable on demand.

BASF METAL RECYCLING LIMITED

Notes to the financial statements for the year ended 31 December 2015

14 PROVISIONS FOR LIABILITIES

	Deferred taxation £000	Restructure provisions £000	Total £000
At start of year	4	986	990
Charged to the profit and loss account	38	-	38
Utilised in the financial year	-	(964)	(964)
At end of year	42	22	64

Deferred tax liabilities at the year end comprised:

	2015 £000	2014 £000
Accelerated capital allowances	42	4

There are no unrecognised deferred tax assets or liabilities.

15 SHARE CAPITAL

	2015 £000	2014 £000
Allotted, issued and fully paid: 1,000 (2014: 1,000) ordinary shares of £1 each	1	1

16 RELATED PARTY TRANSACTIONS

All transactions with related parties during the current and prior year have been with the company's ultimate parent and fellow wholly owned subsidiaries. As such, the company has taken advantage of the exemption allowed under FRS 102.33 to not disclose such transactions. Related party balances outstanding at the balance sheet date are disclosed in total under the relevant notes above.

BASF METAL RECYCLING LIMITED

Notes to the financial statements for the year ended 31 December 2015

17 PENSION OBLIGATIONS

Defined benefit scheme

All employees transferred to BASF Metals Limited on 1 August 2009. BASF Metals Limited participates in the BASF (UK) Group Pension Scheme. The company introduced the defined contribution plan on 6 April 1998 for new employees. Employees who were already members of the defined benefit plan were offered the opportunity to transfer to the new defined contribution plan. From 1 April 2012 any remaining members of the defined benefit plan were transferred to the defined contributions plan, and the defined benefit plan was closed to future accrual. Assets are held in separate trustee administered fund. BASF PLC, the lead UK Group company operates a group defined benefit scheme, of which some employees of the company are members.

Information about the plan as a whole can be obtained from the BASF PLC financial statements.

Defined contribution pension scheme

The company also operates a defined contribution scheme. The scheme operates as part of the BASF (UK) Group Pension Scheme and commenced operation on 6 April 1998.

There were no contributions paid by the company to the pension scheme in either the current or preceding year and no contributions were outstanding or prepaid at either year end.

18 CONTINGENT LIABILITIES

As a result of group registration for UK VAT purposes the company is contingently liable for the VAT liabilities of certain other group and associate undertakings. As at the balance sheet date the group is in a net reclaimable position with respect to VAT and therefore the maximum potential contingent liability of the company is £nil (2014: £nil).

19 OPERATING LEASES

The total of future minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
	£000	£000
Less than one year	224	309
Between one and five years	896	989
After five years	1,344	1,587
	<u>2,464</u>	<u>2,885</u>

The building lease term expires on 6 January 2026. The terms of the lease include a break notice given by the tenant to the landlord 6 months prior to 7 January 2017 and 7 January 2023.

During the year £216,000 (2014: £339,000) was recognised as an expense in the profit and loss account in respect of operating leases.

20 IMMEDIATE PARENT COMPANY

The company is a wholly owned subsidiary of BASF Catalysts UK Holdings Limited, a company registered in England and Wales. The directors of the Company consider BASF Catalysts UK Holdings Limited to be the company's controlling party.

BASF METAL RECYCLING LIMITED

Notes to the financial statements for the year ended 31 December 2015

21 ULTIMATE PARENT COMPANY

The company's ultimate parent company is BASF Societas Europaea ("BASF SE"), a company incorporated in Germany. BASF SE is the largest and smallest group for which consolidated financial statements are prepared.

Copies of BASF SE's consolidated financial statements may be obtained from BASF Societas Europaea, D67056 Ludwigshafen, Germany.

22 TRANSITION TO FRS 102

These are the company's first financial statements prepared in accordance with FRS 102.

The last financial statements prepared under the previous UK Accounting Framework (UK GAAP) were for the year ended 31 December 2014. Therefore, the date of transition was 1 January 2014.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 31 December 2014 and in the preparation of an opening FRS 102 balance sheet at 1 January 2014 (the company's date of transition).

The company had no adjustments to its balance sheet as a result of the adoption of FRS 102. Re-classifications in the 2014 profit and loss account are summarised below.

Profit and loss account for the year ended 31 December 2014

	Notes	As originally reported £000	Reclassified £000	As restated £000
Turnover		148,695	-	148,695
Cost of sales		(148,846)	-	(148,846)
Gross loss		(151)	-	(151)
Distribution costs		(1,248)	-	(1,248)
Administrative expenses		(811)	-	(811)
Other operating expenses	(a)	(68)	68	-
Operating loss		(2,278)	68	(2,210)
Restructuring		(2,790)	-	(2,790)
Interest receivable and similar income		15	-	15
Interest payable and similar charges	(a)	-	(68)	(68)
Loss on ordinary activities before taxation		(5,053)	-	(5,053)
Tax on loss on ordinary activities		957	-	957
Loss for the financial year		(4,096)	-	(4,096)

(a) Exchange losses have been reclassified from other operating expenses to interest payable and similar income under FRS 102.