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Company Registration No. 02849713 (England and Wales)

ASMET (UK) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2018

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ASMET (UK) LIMITED

COMPANY INFORMATION

Directors	D Parker I R Copestake
Secretary	D Parker
Company number	02849713
Registered office	Jubilee House Sheffield Road Dronfield Sheffield S18 2HU
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL

ASMET (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present the strategic report for the year ended 30 September 2018.

Fair review of the business

2017 / 2018 saw a relatively stable market for metals commodity prices with healthy customer demand contributing to another good performance. The company continues to retain a strong market share by meeting customers' long-term contract requirements for key raw materials and specialised products, and providing a high level of customer service, technical support and consultancy.

Due to the strong trading performance and balance sheet, the Company has declared a dividend of £2 million to the parent Company Asmet Limited. The company's investments have reduced in value by £29,915 as a result of the fluctuation in precious metals commodity prices.

Key performance indicators

The company's strategy was underpinned by focusing on a number of key financial performance measures that have assisted in managing the working capital position during a period of strong growth. The principal key performance indicators of the company are turnover, gross profit, operating profit and stock as disclosed in the financial statements. In addition, particular attention is paid to credit risk and debtor days, which are monitored regularly.

Turnover

Sales revenue increased by £3,172,176 (20.41%) from 2017, mainly due to the sale of higher volumes of our core products due to increased customer demand.

Gross Profit

There has been an increase in gross profit of 16.12% from £2,974,260 to £3,453,625 and a slight decrease in gross profit margin from 19.1% to 18.4% due to fluctuations in commodity prices.

Operating Profit

There has been a year on year increase in operating profit of 20.31% from £1,852,039 to £2,228,058. This has been achieved due to the higher turnover and control of fixed overheads.

Stock

There has been a significant increase in stock inventories of 60.1% from £5,246,749 in 2017 to £8,424,882 due to increases in volumes to meet customer demand and timing of major shipments at year end.

Debtors

Debtor days have decreased compared to 2017, from 111 to 101 due to better credit terms with key customers and improved cash collection procedures.

Principal risks and uncertainties

The business is exposed to future commodity price and exchange rate movements which may have a detrimental impact on turnover and profitability.

The business is also exposed to market risk as turnover and profitability are linked to demand levels, which are dependent upon iron and steel production levels and the performance of the world economy, and certain key sectors such as automotive.

The company continues to assess the risk of Brexit and has invested in several areas of the business to prepare accordingly.

ASMET (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

Financial instruments

Objectives and policies

The company holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to credit and liquidity risks arising from its operations and from its sources of finance; and
- (c) for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations.

Liquidity risk

Working capital and liquidity is managed as part of day to day business routines and as such the company has no significant concentrations of liquidity risk.

Cash flow risk

The company currently has no requirement for an overdraft facility and does not foresee any material cash flow risks.

Credit risk

The company continues to closely manage credit risk and enforce strict credit control with the support of credit insurance and limits exposure to high risk customers. Pleasingly, to date, the company has experienced no new bad debts.

Price risk

The management of the company regularly review market prices and manage the purchase of stock and its selling prices accordingly and therefore with the controls in place the directors feel this risk is mitigated.

Currency risk

The company is exposed to foreign currency risk on its overseas transactions, however this risk is mitigated by the use of foreign currency bank accounts.

Future developments

The company continues to work closely with our producer partners to maximise sales opportunities.

We forecast similar profitability for 2018 / 2019 based on higher turnover at lower gross margin due to securing new contracts in the first half of the year but with downward pressure on some key metal commodity prices.

On behalf of the board



D Parker

Director

18.6.19

ASMET (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present their annual report and financial statements for the year ended 30 September 2018.

Principal activities

The principal activity of the company continued to be that of procurement, production, logistics management and supply of metallurgical consumables and specialist products to the iron, steel and aluminum industry and provision of comprehensive technical support and consultancy for improved metallurgical process control.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D Parker
I R Copestake

Results and dividends

The results for the year are set out on page 7.

Ordinary dividends amounting to £2,000,000 were paid to the parent company. The directors do not recommend payment of a further dividend.

Research and development

During the year the company incurred costs in relation to research and development amounting to £27,458 (2017 - £16,827). Costs have been expensed to the profit and loss account when incurred.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.


Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report, relating to financial instruments and future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



D Parker
Director

Date: 18.6.19

ASMET (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors are responsible for preparing the Strategic Report and 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 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASMET (UK) LIMITED

Opinion

We have audited the financial statements of Asmet (UK) Limited (the 'company') for the year ended 30 September 2018 which comprise the Statement of Income and Retained Earnings, the Statement Of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASMET (UK) LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Hugh Fairclough (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL
20 June 2019

ASMET (UK) LIMITED

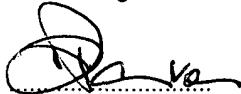
STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	18,759,300	15,587,124
Cost of sales		(15,305,675)	(12,612,864)
Gross profit		<u>3,453,625</u>	<u>2,974,260</u>
Administrative expenses		(1,225,567)	(1,122,221)
Operating profit	6	<u>2,228,058</u>	<u>1,852,039</u>
Interest receivable and similar income		31,035	1,262
Interest payable and similar expenses	8	(19,736)	(30,176)
Other gains and losses	9	(29,815)	(44,770)
Profit before taxation		<u>2,209,542</u>	<u>1,778,355</u>
Tax on profit	10	(406,965)	(339,062)
Profit for the financial year	22	<u>1,802,577</u>	<u>1,439,293</u>
Retained earnings brought forward		8,270,588	8,231,295
Dividends	11	(2,000,000)	(1,400,000)
Retained earnings carried forward		<u><u>8,073,165</u></u>	<u><u>8,270,588</u></u>

ASMET (UK) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	12	116,822		126,995	
Investments	13	613,668		643,583	
			730,490		770,578
Current assets					
Stocks	14	8,424,882		5,246,749	
Debtors	15	5,397,004		4,766,239	
Cash at bank and in hand		325,523		1,239,398	
			14,147,409		11,252,386
Creditors: amounts falling due within one year	16	(6,465,590)		(3,414,674)	
Net current assets			7,681,819		7,837,712
Total assets less current liabilities			8,412,309		8,608,290
Provisions for liabilities	18		(9,144)		(7,702)
Net assets			8,403,165		8,600,588
Capital and reserves					
Called up share capital	21	330,000		330,000	
Profit and loss reserves	22	8,073,165		8,270,588	
Total equity			8,403,165		8,600,588

The financial statements were approved by the board of directors and authorised for issue on 18.6.19 and are signed on its behalf by:



D Parker
Director



I R Copestake
Director

ASMET (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies

Company information

Asmet (UK) Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office and principal place of business is Jubilee House, Sheffield Road, Dronfield, Sheffield, S18 2HU.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Asmet Limited. These consolidated financial statements are available from its registered office, Jubilee House, Sheffield Road, Dronfield, Sheffield, S18 2HU.

Going concern

Having carried out a detailed review of the company's resources, the directors are satisfied that the company has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of the financial statements. On this basis, the financial statements have been prepared on a going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

ASMET (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies (Continued)

Turnover (continued)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	15% - 25% reducing balance
Equipment	25% - 33% reducing balance
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including other investments and investments in commodities, are initially measured at fair value. For other investments, fair value is based on publicly available daily quoted prices and for investments in commodities fair value is measured using an open market basis by reference to gold and other commodity prices. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss.

ASMET (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors (including accruals), bank overdrafts, pension and other loans and amounts due to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if, and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

ASMET (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

1 Accounting policies (Continued)

Taxation (continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. The assets of the scheme are held separately from those of the company in a independently administered fund.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

ASMET (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of stocks

The company procures, produces and manages supply of metallurgical consumables and specialist products to the iron, steel and aluminium industry and is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the stocks and the associated provisioning required. When calculating the stock provision, management considers the nature of the stock, as well as applying assumptions around anticipated saleability of finished goods. Management have considered and concluded that no provision is required, therefore see note 14 for the net carrying amount of stocks.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 15 for the net carrying amount of the debtors which is inclusive of any impairment provision.

3 Turnover

An analysis of the company's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
Procurement, production, logistics management and supply of metallurgical consumables and specialist products	18,759,300	15,587,124
	<u>18,759,300</u>	<u>15,587,124</u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	16,967,641	13,707,747
Europe	1,791,659	1,879,377
	<u>18,759,300</u>	<u>15,587,124</u>

ASMET (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Directors	2	2
Management	2	2
Sales	4	4
Administration	3	3
	<u>11</u>	<u>11</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	606,475	615,638
Social security costs	81,756	80,704
Pension costs	175,955	161,175
	<u>864,186</u>	<u>857,517</u>

5 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>114,484</u>	<u>142,982</u>

6 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Exchange losses	13,511	51
Depreciation of owned tangible fixed assets	40,664	30,165
Loss on disposal of tangible fixed assets	3,349	-
Cost of stocks recognised as an expense	15,305,675	12,612,864
Operating lease charges	<u>4,755</u>	<u>3,790</u>

ASMET (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

7 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	13,500	13,000

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and loans	19,736	30,176

9 Other gains and losses

	2018 £	2017 £
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss (note 13)	(29,815)	(44,770)

10 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	412,237	363,739
Adjustments in respect of prior periods	(6,714)	(6,757)
Total current tax	405,523	356,982
Deferred tax		
Origination and reversal of timing differences	1,442	(17,919)
Adjustment in respect of prior periods	-	(1)
Total deferred tax	1,442	(17,920)
Total tax charge	406,965	339,062

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 20% to 19% from 1 April 2017.

Further reductions to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2016 on 6 September 2016. This reduces the main rate to 17% from 1 April 2020. The deferred tax assets and liabilities reflect these rates.

ASMET (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

10 Taxation (Continued)

The total tax charge for the year included in the statement of income and retained earnings can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	2,209,542	1,778,355
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.50%)	419,813	346,755
Tax effect of expenses that are not deductible in determining taxable profit	7,583	269
Adjustments in respect of prior years	(6,714)	(6,758)
Effect of change in corporation tax rate	(170)	2,635
Research and development tax credit	(6,782)	-
Effect of revaluations of investments	-	(3,839)
Chargeable losses	(6,765)	-
Taxation charge for the year	406,965	339,062

11 Dividends

	2018 Per share £	2017 Per share £	2018 Total £	2017 Total £
Ordinary C shares				
Final paid	6.06	4.24	1,000,000	700,000
Ordinary P shares				
Final paid	6.06	4.24	1,000,000	700,000
Total dividends				
Final paid			2,000,000	1,400,000

ASMET (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

12 Tangible fixed assets

	Fixtures and fittings £	Equipment £	Motor vehicles £	Total £
Cost				
At 1 October 2017	158,300	348,606	158,421	665,327
Additions	3,089	4,473	37,928	45,490
Disposals	-	-	(36,366)	(36,366)
At 30 September 2018	161,389	353,079	159,983	674,451
Depreciation and impairment				
At 1 October 2017	154,445	324,771	59,116	538,332
Depreciation charged in the year	-	6,480	34,184	40,664
Eliminated in respect of disposals	-	-	(21,367)	(21,367)
At 30 September 2018	154,445	331,251	71,933	557,629
Carrying amount				
At 30 September 2018	6,944	21,828	88,050	116,822
At 30 September 2017	3,855	23,835	99,305	126,995

13 Fixed asset investments

	2018 £	2017 £
Investments in commodities	613,668	643,483
Other investments	-	100
	613,668	643,583

Fixed asset investments revalued

Investments in commodities with a carrying amount of £643,483 were revalued at 30 September 2018 on the basis of quoted market prices.

ASMET (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

13 Fixed asset investments (Continued)

Movements in fixed asset investments

	Other investments	Investments in commodities	Total
	£	£	£
Valuation			
At 1 October 2017	100	643,483	643,583
Valuation changes	-	(29,815)	(29,815)
Disposals	(100)	-	(100)
	<u>-</u>	<u>613,668</u>	<u>613,668</u>
At 30 September 2018	-	613,668	613,668
Carrying amount			
At 30 September 2018	-	613,668	613,668
	<u>-</u>	<u>613,668</u>	<u>613,668</u>
At 30 September 2017	100	643,483	643,583
	<u>100</u>	<u>643,483</u>	<u>643,583</u>

14 Stocks

	2018 £	2017 £
Finished goods and goods for resale	8,424,882	5,246,749
	<u>8,424,882</u>	<u>5,246,749</u>

15 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	5,185,793	4,731,497
Other debtors	202,053	-
Prepayments and accrued income	9,158	34,742
	<u>5,397,004</u>	<u>4,766,239</u>

ASMET (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2018**

16 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Pension loan (unsecured)	17	657,438	657,438
Pension loan (secured)	17	-	48,061
Bank overdraft	17	-	413
Trade creditors		364,384	398,267
Amounts due to group undertakings		4,566,382	1,393,296
Corporation tax		192,237	359,854
Other taxation and social security		93,112	416,222
Other creditors		2,602	42,645
Accruals and deferred income		589,435	98,478
		<u>6,465,590</u>	<u>3,414,674</u>

17 Borrowings

	2018 £	2017 £
Pension loan (unsecured)	657,438	657,438
Pension loan (secured)	-	48,061
Bank overdraft	-	413
	<u>657,438</u>	<u>705,912</u>
Payable within one year	<u>657,438</u>	<u>705,912</u>

The pension loan comprises two elements. £657,438 (2017 - £657,438) of the loan is repayable within one year and is unsecured. The remainder of the loan, £nil (2017 - £48,061), was repayable in equal annual instalments and all falling due within one year and was repaid in full on 28 January 2018. Both elements of the loan attracted interest at a rate of 4% above the Bank of England base rate.

The secured element of the pension loan was secured as a second charge against the property of the parent undertaking.

The assets held as security formally charged to the bank are group unlimited guarantees held in the company. The assets also secure the overdrafts of the group.

18 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	19	<u>9,144</u>	<u>7,702</u>

ASMET (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Decelerated capital allowances	(3,927)	(4,651)
Investments	13,071	12,353
	<u>9,144</u>	<u>7,702</u>
		2018
Movements in the year:		£
Liability at 1 October 2017		7,702
Charge to profit or loss		1,442
		<u>9,144</u>
Liability at 30 September 2018		<u>9,144</u>

20 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>175,955</u>	<u>161,175</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Pension contributions of £2,602 (2017 - £42,645) were outstanding at the year end and included within creditors.

21 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
165,000 Ordinary C shares of £1 each	165,000	165,000
165,000 Ordinary P shares of £1 each	165,000	165,000
	<u>330,000</u>	<u>330,000</u>

The Ordinary C and P shares constitute 100% of the voting rights of the company, with the shares carrying equal voting rights.

ASMET (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

22 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

23 Operating lease commitments

Lessee

At the year end the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	3,684	1,723
Between one and five years	9,209	-
	<u>12,893</u>	<u>1,723</u>

24 Related party transactions

Transactions with related parties

Included within creditors due within one year are unsecured pension loans of £657,438 (2017 - £657,438) at market rates of interest. The loans are provided to the company by a personal pension scheme of one of the directors. During the year no repayments were made on the unsecured pension loans (2017 - same). The unsecured loans are repayable on demand and attracted interest at a rate of 4% above the Bank of England base rate.

Included within creditors due within one year are secured pension loans of £nil (2017 - £48,061). During the year repayments were made on the secured pension loans of £48,000 (2017 - £48,000). These loans were secured as a second charge against the property held by Asmet Limited and attracted interest at a rate of 4% above the Bank of England base rate. The pension loan was repaid in full during the year.

25 Ultimate parent company

The directors consider the ultimate parent undertaking to be Asmet Limited, a company incorporated in the United Kingdom.

Asmet Limited is the immediate parent, and is the smallest and largest group for which consolidated accounts including the Asmet (UK) Limited are prepared. The consolidated accounts of Asmet Limited are available from its registered office, Jubilee House, Sheffield Road, Dronfield, Sheffield, S18 2HU.