

Financial Statements Aalco Metals Limited

For the year ended 31 December 2015



Registered number: 03551533

Aalco Metals Limited

Company Information

Directors	R W Colburn S A Hussey A Roberts
Company secretary	M Hale
Registered number	03551533
Registered office	25 High Street Cobham Surrey KT11 3DH
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Wokingham Berkshire RG41 5TS

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Directors' report

For the year ended 31 December 2015

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

Results and dividends

The profit for the year, after taxation, amounted to £14,244,270 (2014 - profit £16,693,481). The directors have not recommended a dividend (2014 - £nil).

Directors

The directors who served during the year were:

B A King (resigned 30 June 2016)
R W Colburn
S A Hussey

Andrew Roberts was appointed as a director on 22 February 2016.

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 accounting 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 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.

Provision of information to the auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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

Directors' report

For the year ended 31 December 2015

Financial risk management objectives and policies

The company uses a variety of financial instruments including cash, borrowings, equity investments and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the company's operations.

The directors are of the view that the main risks arising from the group's financial instruments are liquidity risk, market risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies remain unchanged from previous years.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved through support from the parent company.

Market risk

The company is exposed to transaction foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Fluctuations in metal prices are reviewed on a regular basis and taken into consideration when placing purchase orders and setting the selling price of the company's stock range.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis.

Employee consultation and disabled employees

Recruitment policies are designed to ensure equal opportunity of employment regardless of race or sex. Appropriate consideration is given to disabled applicants in offering employment.

Good communications and relations with employees are attempted, mainly by practices developed in each operating unit compatible with its own particular circumstances. Senior management are kept informed of group developments in certain financial, commercial, strategic and personnel matters as needed, and are thereby enabled to inform and discuss with employees as appropriate at the individual operating units.

Aalco Metals Limited

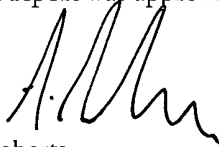
Directors' report

For the year ended 31 December 2015

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 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 earlier.

This report was approved by the board and signed on its behalf.



A Roberts
Director

Date: 29/9/16

Strategic report

For the year ended 31 December 2015

The directors present their strategic report for the year ended 31 December 2015.

Principal activities

The principal activity of the company during the year was metal stockholding. The company trades through 20 service centres around the country which offer local stock to meet the immediate needs of customers in the local area, backed up by bulk stocks held at a central warehouse.

Business review

The profit for the year, after taxation, amounted to £14,244,270 (2014 - £16,693,481). The directors have not recommended a dividend (2014 - £nil).

Various key performance indicators are used by the directors to monitor and compare the performance of the company. They regard the following as the key financial indicators of performance, all of which can be observed in the attached financial statements.

- Turnover £338.4 million (2014 - £352.1 million)
- Profit before tax £15.9 million (2014 - £20.3 million)
- Net assets £156.4 million (2014 - £136.7 million)
- Average number of employees increased from 755 to 770.

Principal risks and uncertainties

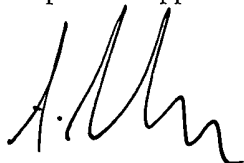
The principal risks and uncertainties of the company are fluctuations in raw material prices, movements in exchange rates, changes in government legislation, costs of complying with excessive and burdensome government regulation and the credit risk arising from trade debtors.

The ultimate shareholder has requested that the directors include the following statement in the Strategic report - the ultimate parent company is privately held, as is the company, and they believe the requirement to publish private accounts is a violation of both the spirit and law under European Union right to privacy legislation.

Going concern

The company participates in a group treasury function. The directors of the parent undertaking Amari Metals Limited have considered forecasted results for the group, taking into account the business activities and the markets in which it operates. The forecasts indicate that sufficient funds are available for the group to be able to continue in operational existence for the foreseeable future being a period of at least twelve months from the date of signing these financial statements. As the group treasury function is available to all subsidiary undertakings, the directors of this company accordingly continue to prepare the financial statements on the going concern basis.

This report was approved by the board and signed on its behalf.



A Roberts
Director

Date: 29/9/16



Independent auditor's report to the members of Aalco Metals Limited

We have audited the financial statements of Aalco Metals Limited for the year ended 31 December 2015, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's member 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 member 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 member 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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 Aalco Metals Limited

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 read "Perry Burton".

Perry Burton (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Reading

Date: 29/9/2016

Statement of comprehensive income

For the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	1,3	338,373,327	352,147,834
Change in stocks of finished goods and work in progress		(8,974,060)	9,249,436
Raw materials and consumables		(263,223,129)	(289,281,305)
Other external charges		(28,480,310)	(28,200,096)
Other operating income		1,344,760	1,784,769
Staff costs	6	(24,421,837)	(26,265,471)
Depreciation and amortisation		(974,578)	(1,280,491)
Operating profit		13,644,173	18,154,676
Interest income	8	3,991,474	4,297,496
Interest expense and similar charges	9	(444,276)	(889,395)
Other finance expense	10	(1,263,000)	(1,221,000)
Profit on ordinary activities before taxation		15,928,371	20,341,777
Tax on profit on ordinary activities	11	(1,684,101)	(3,648,296)
Profit for the financial year		14,244,270	16,693,481
Actuarial gains/(losses) on defined benefit pension scheme		6,591,000	(9,603,000)
Movement of deferred tax relating to pension liability		(1,186,380)	1,920,600
Other comprehensive income/(loss) for the year		5,404,620	(7,682,400)
Total comprehensive income for the year		19,648,890	9,011,081

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the income statement.

The notes on pages 10 to 33 form part of these financial statements.

Statement of financial position

As at 31 December 2015

	Note	2015 £	2014 £
Fixed assets			
Tangible assets	12	2,344,736	2,413,343
Investments	13	3	3
		<u>2,344,739</u>	<u>2,413,346</u>
Current assets			
Stocks	14	38,101,703	47,075,763
Debtors: amounts falling due after more than one year	15	139,021,631	139,102,205
Debtors: amounts falling due within one year	15	68,331,553	73,717,649
Cash at bank and in hand		18,260,628	3,285,514
		<u>263,715,515</u>	<u>263,181,131</u>
Creditors: amounts falling due within one year	16	(79,076,665)	(88,183,796)
Net current assets		<u>184,638,850</u>	<u>174,997,335</u>
Total assets less current liabilities		<u>186,983,589</u>	<u>177,410,681</u>
Creditors: amounts falling due after more than one year	17	-	(2,428,133)
Provisions for liabilities			
Other provisions	20	(1,460,104)	(1,339,953)
Pension liability	22	(29,130,000)	(36,898,000)
Net assets		<u>156,393,485</u>	<u>136,744,595</u>
Capital and reserves			
Called up share capital	24	131,500,002	131,500,002
Profit and loss account		24,893,483	5,244,593
Shareholder's funds		<u>156,393,485</u>	<u>136,744,595</u>

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

A Roberts
Director

Date: 29/9/16

The notes on pages 10 to 33 form part of these financial statements.

Statement of changes in equity

As at 31 December 2015

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2015	131,500,002	5,244,593	136,744,595
Comprehensive income for the year			
Profit for the year	-	14,244,270	14,244,270
Actuarial gains on pension scheme	-	5,404,620	5,404,620
Total comprehensive income for the year	-	19,648,890	19,648,890
At 31 December 2015	131,500,002	24,893,483	156,393,485

Statement of changes in equity

As at 31 December 2014

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2014	131,500,002	(3,766,488)	127,733,514
Comprehensive income for the year			
Profit for the year	-	16,693,481	16,693,481
Actuarial losses on pension scheme	-	(7,682,400)	(7,682,400)
Total comprehensive income for the year	-	9,011,081	9,011,081
At 31 December 2014	131,500,002	5,244,593	136,744,595

The notes on pages 10 to 33 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 29.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Going concern

The directors, having taken into account the net current assets of the company and the business activities and the markets in which the company operates, are of the view that sufficient funds are available for the company to be able to continue in operational existence for the foreseeable future, being a period of at least twelve months from the date of signing these financial statements. Therefore the financial statements continue to be prepared on the going concern basis.

1.3 Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the European Economic Area and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. The information contained within these accounts represents the financial position and performance of the individual company only for the year ended 31 December 2015, and not that of the group.

1.4 Statement of cash flows

The directors have taken advantage of the exemption as provided by Financial Reporting Standard 102, section 1.12(b) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated statement of cash flows.

1.5 Turnover

Turnover shown in the income statement represents the total invoice value of goods supplied during the year, exclusive of Value Added Tax.

Turnover is recognised when all of the following criteria are met:

- persuasive evidence of an arrangement exists;
- delivery has occurred or services have been rendered;
- the seller's price to the buyer is fixed and determinable; and
- collectability is reasonably assured.

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Plant, Equipment & Motor Vehicles	-	10% to 50%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the income statement.

1.7 Investments

Fixed asset investments are stated at cost less provision for impairment.

1.8 Stocks

Stocks are valued at the lower of either cost or net realisable value after making due allowance for obsolete and slow-moving stocks.

1.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies (continued)

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.12 Operating leases

Rentals under operating leases are charged to the income statement on a straight line basis over the lease term.

1.13 Finance costs

Finance costs are charged to the income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Interest income is recognised in the income statement using the effective interest method.

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies (continued)

1.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.15 Foreign currencies

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies (continued)

1.16 Pension costs

Defined contribution pension costs

The company participates in a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions are charged to the income statement.

Defined benefit pension costs

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the income statement as a 'finance expense'.

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies (continued)

1.17 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

1.18 Property dilapidations

- Under certain operating leases for land and buildings, the company is obligated to make repairs of dilapidations to the leased property upon the expiry of the lease. The company charges amounts to Income statement so that, by the end of the lease, a total provision is accrued that is estimated to be equal to the future costs of those dilapidation obligations. Where repairs are made part way through the lease that will reduce the estimated costs of dilapidation obligations at the expiry of the lease, the costs of those repairs are charged against the dilapidation provision.

Notes to the financial statements

For the year ended 31 December 2015

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Pension and other post-employment benefits

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Management estimates these factors in determining the net pension obligation in the balance sheet. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 22.

Provisions

Provision is made for dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements.

Trade debtors

Management applies judgment in evaluating the recoverability of debtors. To the extent that the Directors believe debtors not to be recoverable they have been provided for in the financial statements.

Stock

Management applies judgment in evaluating stock for obsolescence. This judgment is based on management knowledge of the stock and customer demand, as well as stock age. At each balance sheet date, stocks are assessed for impairment and written down where appropriate.

3. Turnover

The whole of the turnover is attributable to the principal activity of the company. A geographical analysis of turnover is as follows:

	2015 £	2014 £
United Kingdom	325,717,642	337,385,986
Rest of European Union	11,506,349	12,611,426
Rest of world	1,149,336	2,150,422
	<u>338,373,327</u>	<u>352,147,834</u>

Notes to the financial statements

For the year ended 31 December 2015

4. Other operating income

	2015	2014
	£	£
Other operating income	<u>1,344,760</u>	<u>1,784,769</u>

The other operating income represents contributions, by other group companies, to the defined benefit pension scheme liability recognised within the company's statement of financial position.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation of tangible fixed assets	974,578	1,280,491
Fees payable to the company's auditor for the audit of the company's annual accounts	112,500	46,100
Fees payable to the company's auditor for tax compliance services	15,000	9,300
Operating lease rentals		
- plant and machinery	1,615,062	1,264,131
- land and buildings	3,827,794	3,864,346
Profit on disposal of fixed assets	(132,842)	-
Loss/(profit) on foreign exchange transactions	<u>3,164</u>	<u>(16,923)</u>

6. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2015	2014
	£	£
Wages and salaries	21,686,953	23,397,252
Social security costs	1,918,396	2,051,229
Other pension costs	816,488	816,990
	<u>24,421,837</u>	<u>26,265,471</u>

The average monthly number of employees, including the directors, during the year was as follows:

2015	2014
No.	No.
<u>770</u>	<u>755</u>

Notes to the financial statements

For the year ended 31 December 2015

7. Directors' remuneration

	2015	2014
	£	£
Remuneration	42,146	15,812

During the year retirement benefits were accruing to 1 director (2014 - 2) in respect of defined contribution pension schemes.

8. Interest income

	2015	2014
	£	£
Interest on loans to group companies	3,991,474	4,297,496

9. Interest expense and similar charges

	2015	2014
	£	£
Interest on bank borrowings	444,276	889,395

10. Other finance costs

	2015	2014
	£	£
Net interest on net defined benefit liability	(4,167,000)	(4,713,000)
Expected return on scheme assets	2,904,000	3,492,000
	(1,263,000)	(1,221,000)

Notes to the financial statements

For the year ended 31 December 2015

11. Taxation

	2015 £	2014 £
Corporation tax		
Current tax on profits for the year	1,323,400	3,316,812
Adjustments in respect of previous periods	78,718	(30,379)
	<u>1,402,118</u>	<u>3,286,433</u>
Foreign tax		
Foreign tax on income for the year	(16,251)	303
Total current tax	<u>1,385,867</u>	<u>3,286,736</u>
Deferred tax		
Origination and reversal of timing differences	86,374	29,760
Deferred tax in respect of defined benefit pension scheme	211,860	331,800
Total deferred tax	<u>298,234</u>	<u>361,560</u>
Taxation on profit on ordinary activities	<u>1,684,101</u>	<u>3,648,296</u>

Notes to the financial statements

For the year ended 31 December 2015

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	15,928,371	20,341,777
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	3,225,495	4,373,482
Effects of:		
Expenses not deductible for tax purposes	56,844	62,413
Fixed asset timing differences	23,129	7,665
Adjustments to tax charge in respect of prior periods	78,718	(30,379)
Utilisation of group relief election	(1,684,012)	(758,731)
Difference in tax rates - opening deferred tax	(2,615)	(17,962)
Difference in tax rates - closing deferred tax	13,024	39,492
Other movements	-	(2,799)
Difference in tax rate as a result of defined benefit pension scheme movements	(26,482)	(24,885)
Total tax charge for the year	1,684,101	3,648,296

Notes to the financial statements

For the year ended 31 December 2015

12. Tangible fixed assets

	Plant Equipment & Motor Vehicles £
Cost	
At 1 January 2015	19,327,948
Additions	909,573
Transfers intra group	(86,697)
Disposals	(1,098,075)
At 31 December 2015	19,052,749
Depreciation	
At 1 January 2015	16,914,605
Charge for the year	974,578
Transfers intra group	(87,601)
On disposals	(1,093,569)
At 31 December 2015	16,708,013
Net book value	
At 31 December 2015	2,344,736
At 31 December 2014	2,413,343

Notes to the financial statements

For the year ended 31 December 2015

13. Fixed asset investments

	Investments in subsidiary undertakings £
Cost	
At 1 January 2015	3
At 31 December 2015	<u>3</u>
Net book value	
At 31 December 2015	<u>3</u>
At 31 December 2014	<u>3</u>

At the year end, the company has 100% interest in the ordinary share capital of the following subsidiary companies:

Subsidiary undertakings

Name	Nature of business
Amari Metals Pension Trustees Limited	Dormant
Amari Metals DC Pension Trustees Limited	Dormant

All of the above companies are incorporated in England and Wales.

14. Stocks

	2015 £	2014 £
Goods held for resale	<u>38,101,703</u>	<u>47,075,763</u>

A provision of £1,123,551 (2014 - £979,778) has been recognised against the stock balance due to slow-moving and obsolete stock. The net increase of the provision of £143,773 (2014 - increase of £76,821) has been recognised in cost of sales.

Notes to the financial statements

For the year ended 31 December 2015

15. Debtors

	2015 £	2014 £
Due after more than one year		
Amounts owed by group undertakings	129,487,997	132,210,605
Prepayments and accrued income	3,991,474	-
Deferred tax asset	5,542,160	6,891,600
	<u>139,021,631</u>	<u>139,102,205</u>
	2015 £	2014 £
Due within one year		
Trade debtors	54,616,783	57,679,632
Amounts owed by group undertakings	4,571,964	6,977,758
Other debtors	1,850,885	1,188,811
Prepayments and accrued income	6,729,365	7,173,718
Deferred tax asset	562,556	697,730
	<u>68,331,553</u>	<u>73,717,649</u>

A provision of £103,892 (2014 - £93,731) has been recognised against trade debtors. The net increase of the provision of £10,161 (2014 - reversal of £79,500) has been recognised in other external charges.

16. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	62,643,530	67,196,392
Amounts owed to group undertakings	893,070	1,181,967
Corporation tax	492,111	1,353,347
Taxation and social security	8,270,180	8,853,435
Accruals and deferred income	6,777,774	9,598,655
	<u>79,076,665</u>	<u>88,183,796</u>

Notes to the financial statements

For the year ended 31 December 2015

17. Creditors: Amounts falling due after more than one year

	2015	2014
	£	£
Bank borrowings	-	2,428,133
	<u>-</u>	<u>2,428,133</u>

Secured loans

The bank borrowings were fully repaid in November 2015. Interest has been charged on borrowings during the year at variable rate above LIBOR and the borrowings were secured against all the assets of the group headed by Amari Metals Limited, under an intercompany cross guarantee.

18. Financial instruments

	2015	2014
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>190,527,625</u>	<u>198,056,805</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(70,314,376)</u>	<u>(80,405,147)</u>

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and amounts owed to group undertakings.

Notes to the financial statements

For the year ended 31 December 2015

19. Deferred taxation

	Deferred tax £
At 1 January 2015	7,589,330
Income statement movement during the year	(86,374)
Charged to other comprehensive income	(1,186,380)
Income statement movement during the year in respect of defined benefit pension scheme	(211,860)
At 31 December 2015	6,104,716

The deferred tax asset is made up as follows:

	2015 £	2014 £
Fixed asset timing differences	128,211	215,730
Other timing differences	(4,855)	(6,000)
Defined benefit pension scheme liability	5,981,360	7,379,600
	6,104,716	7,589,330

20. Provisions

	Dilapidation provision £
At 1 January 2015	1,339,953
Income statement movement during the year	120,151
At 31 December 2015	1,460,104

The dilapidation provision represents obligations under tenancy leases and are expected to be utilised over the remaining lease terms.

21. Capital commitments

At 31 December 2015 amounts authorised but not contracted for amount to £240,365 (2014 - £56,426).

Notes to the financial statements

For the year ended 31 December 2015

22. Pension commitments

Defined contribution schemes

The company participates in a defined contribution scheme for the benefit of all enrolled UK employees. The assets of the scheme are administered by trustees in funds independent from those of the company.

The pension cost for the period represents contributions due by the company to the scheme in respect of the financial period and amounted to £816,488 (2014 - £816,981).

Defined benefit schemes

The company participated in a defined benefit scheme operated by the group of undertakings headed by Amari Metals Limited, for the benefit of all enrolled UK employees.

The Amari Metals Limited Pension Scheme was operated for the benefit of all enrolled UK employees of Amari Metals Limited, Aalco Metals Limited, Cashmores Metals Limited, Equinox International Limited and Righton Limited. The group closed its defined benefit scheme to new members and future employee contributions on 30 September 2003. The scheme was also closed to future accrual of benefits with effect from 30 September 2003. The Righton Pension scheme was acquired by the group on 31 March 2008 through the purchase of 100% of the share capital of Righton Limited. The defined benefit pension scheme was operated for the benefit of all enrolled UK employees of Righton Limited and was closed on 31 March 2005 to all future employee contributions.

With effect from 1 April 2010 a merger of the Righton Pension Scheme with the Amari Metals Limited Pension Scheme and the Amari Metals Limited DC Pension Scheme was agreed. The merger led to the majority of members of the Righton Pension Scheme transferring to the two schemes on 1 April 2010, along with all the assets of the Righton Pension Scheme that were designated to those members. All of these members became members of the Amari Metals Limited Pension Scheme or Amari Metals Limited DC Pension Scheme on 1 April 2010.

The Righton Limited Pension Scheme was subsequently wound up. The assets of the scheme are administered by trustees in funds independent from those of the group and invested directly on the advice of independent professional investment managers. The group will however continue to make contributions to the frozen defined benefit scheme in accordance with the advice of an independent actuary so as to fulfil pensions obligations in respect of members who have accrued benefits.

The most recent actuarial valuation was as at 31 March 2013 when the market value of the scheme assets was £72,100,000. The actuarial value of those assets was sufficient to cover 77% of the benefits that had accrued to members.

Following the latest actuarial valuation, annual contributions of £2,440,000 will be paid to the scheme, by the participating employers, in an effort to eliminate the deficit disclosed by 31 October 2024. The contribution levels are subject to review at future valuations. The group expects to pay contributions of £2,440,000 in the year to 31 December 2015.

Being part of a multiemployer defined benefit scheme, the company is unable to identify its individual share of the underlying assets and liabilities in the scheme. The company has previously accounted for the contributions to the group defined benefit scheme as if it was a defined contribution scheme. The directors consider that there is no other contractual agreement or stated policy for charging the net defined benefit costs between the group companies and therefore, on transition to FRS 102, as the principal employer Aalco Metals Limited has accounted for the scheme as a defined benefit scheme.

Notes to the financial statements

For the year ended 31 December 2015

22. Pension commitments (continued)

Detailed disclosures in accordance with the provisions of FRS 102 section 28 'Employee benefits' are set out below:

Composition of plan assets:

	2015 £	2014 £
Equities	63,802,000	61,350,000
Bonds	9,182,000	8,769,000
Property	6,197,000	5,574,000
Cash	5,301,000	5,006,000
Total plan assets	84,482,000	80,699,000

	2015 £	2014 £
Fair value of plan assets	84,482,000	80,699,000
Present value of plan liabilities	(113,612,000)	(117,597,000)
Net pension scheme liability	(29,130,000)	(36,898,000)

The amounts recognised in profit or loss are as follows:

	2015 £	2014 £
Interest on obligation	(4,167,000)	(4,713,000)
Expected return on scheme assets	2,904,000	3,492,000
Total	(1,263,000)	(1,221,000)

Reconciliation of fair value of plan liabilities were as follow:

	2015 £	2014 £
Opening defined benefit obligation	117,597,000	106,469,000
Interest cost	4,167,000	4,713,000
Actuarial gains and (losses)	(4,743,000)	9,930,000
Benefits paid	(3,409,000)	(3,515,000)
Closing defined benefit obligation	113,612,000	117,597,000

Notes to the financial statements

For the year ended 31 December 2015

22. Pension commitments (continued)

Reconciliation of fair value of plan assets were as follows:

	2015 £	2014 £
Opening fair value of scheme assets	80,699,000	77,515,000
Expected return on assets	2,904,000	3,492,000
Actuarial gains	1,848,000	327,000
Contributions by employer	1,095,240	1,095,240
Contributions by other group companies	1,344,760	1,784,760
Benefits paid	(3,409,000)	(3,515,000)
	<u>84,482,000</u>	<u>80,699,000</u>

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2015	2014
Discount rate	3.70 %	3.60 %
Revaluation of deferred pensions (non-GMP)	2.20 %	2.50 %
Pension increases: Limited Price Indexation	3.10 %	3.10 %
Pension increases: Limited Price Indexation (minimum 3% pa)	3.40 %	3.40 %
RPI inflation (period prior to retirement)	2.20 %	2.50 %
RPI inflation (period after retirement)	3.20 %	3.20 %

The pre and post-retirement mortality assumptions used to value the benefit obligations at 31 December 2015 are based on the S2PA CMI_2015_M/F [1.00%] (2014 - S2PA CMI_2014_M/F [1.00%]) mortality table with reference to members' actual years of birth.

Under these mortality assumptions, the expected future lifetime for a member retiring at age 65 at the accounting date would be 21.9 years (2014 - 22.1 years) for males and 23.8 years (2014 - 24.1 years) for females. As a result of expected improvements to mortality in the future, the future expectations of life at retirement for a member retiring at age 65 in 20 years' time would be 23.1 years (2014 - 23.4 years) for males and 25.3 years (2014 - 25.6 years) for females.

Notes to the financial statements

For the year ended 31 December 2015

22. Pension commitments (continued)

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2015 £	2014 £	2013 £
Defined benefit obligation	(113,612,000)	(117,597,000)	(106,469,000)
Scheme assets	84,482,000	80,699,000	77,515,000
Deficit	(29,130,000)	(36,898,000)	(28,954,000)

Actual return on scheme assets was as follows:

	2015 £	2014 £
Interest income	2,904,000	3,492,000
Return on assets less interest income	1,848,000	327,000
	4,752,000	3,819,000

23. Operating lease commitments

At 31 December 2015 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Land and buildings		
Within one year	4,396,313	3,536,516
Between two and five years	15,451,483	12,544,328
After more than five years	15,383,355	9,222,809
Total	35,231,151	25,303,653
	2015 £	2014 £
Other commitments		
Within one year	2,052,863	1,301,696
Between two and five years	4,667,027	2,783,822
After more than five years	471,288	204,609
Total	7,191,178	4,290,127

Notes to the financial statements

For the year ended 31 December 2015

24. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
131,500,000 Preference shares of £1 each	131,500,000	131,500,000
	<hr/>	<hr/>
	131,500,002	131,500,002
	<hr/>	<hr/>

The shares rank pari-passu with the exception that the redeemable preference shares have no dividend rights. The redeemable preference shares can be redeemed at par at any time (at the option of the company) having given not less than three months previous notice in writing. As such, these shares have been classified as equity.

25. Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Profit and loss account – includes all current and prior period retained profits and losses.

26. Contingent liabilities

The company is party to a group banking facility, which is advanced to the group of companies headed by Amari Metals Limited. Neither the group nor the company have pledged assets as security for this facility. The contingent liability under this arrangement, being the aggregate bank borrowings of the group, at 31 December 2015 was £nil (2014 - £2,428,133).

There are no other contingent liabilities at 31 December 2015 or 31 December 2014.

Notes to the financial statements

For the year ended 31 December 2015

27. Related party transactions

During the year the company made sales to metal distribution companies that are connected by virtue of common directorships of £7,247,294 (2014 - £8,551,502) of which £1,833,251 (2014 - £1,874,204) was outstanding at year end.

During the year the company made purchases from metal distribution companies that are connected by virtue of common directorships of £124,609 (2014 - £162,633) of which £34,361 (2014 - £37,610) was outstanding at year end.

The company has made payments to fellow subsidiaries of Henley Management Company in respect of leases to the value of £198,750 (2014 - £198,750). The company has also made payments to companies connected to certain shareholders of Henley Management Company in respect of leases of £659,000 (2014 - £633,000). No amounts were outstanding at the year end.

28. Ultimate parent undertaking and controlling party

The ultimate parent company and controlling related party is Henley Management Company, a company registered in the USA.

The largest and smallest group of which the company is a member and for which group consolidated financial statements are drawn up is headed by Amari Metals Limited, the immediate parent company. Copies of these financial statements are available from Companies House.

Aalco Metals Limited

Notes to the financial statements

For the year ended 31 December 2015

29. First time adoption of FRS 102

	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets	3,547,412	-	3,547,412	2,413,346	-	2,413,346
Current assets	249,551,721	5,790,800	255,342,521	255,801,531	7,379,600	263,181,131
Creditors: amounts falling due within one year	(100,907,407)	-	(100,907,407)	(88,183,796)	-	(88,183,796)
Net current assets	148,644,314	5,790,800	154,435,114	167,617,735	7,379,600	174,997,335
Total assets less current liabilities	152,191,726	5,790,800	157,982,526	170,031,081	7,379,600	177,410,681
Creditors: amounts falling due after more than one year	-	-	-	(2,428,133)	-	(2,428,133)
Provisions for liabilities	(1,295,012)	(28,954,000)	(30,249,012)	(1,339,953)	(36,898,000)	(38,237,953)
Net assets	150,896,714	(23,163,200)	127,733,514	166,262,995	(29,518,400)	136,744,595
Capital and reserves	150,896,714	(23,163,200)	127,733,514	166,262,995	(29,518,400)	136,744,595

Notes to the financial statements

For the year ended 31 December 2015

29. First time adoption of FRS 102 (continued)

	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Turnover	352,147,834	-	352,147,834
Change in stocks of finished goods and work in progress	9,249,436	-	9,249,436
Raw materials and consumables	(289,281,305)	-	(289,281,305)
Other external charges	(28,200,096)	-	(28,200,096)
Other operating income	-	1,784,769	1,784,769
Staff costs	(27,360,702)	1,095,231	(26,265,471)
Depreciation and amortisation	(1,280,491)	-	(1,280,491)
Operating profit	15,274,676	2,880,000	18,154,676
Interest income	4,297,496	-	4,297,496
Interest expense and similar charges	(889,395)	-	(889,395)
Other finance income	-	(1,221,000)	(1,221,000)
Taxation	(3,316,496)	(331,800)	(3,648,296)
Profit on ordinary activities after taxation and for the financial year	15,366,281	1,327,200	16,693,481

Explanation of changes to previously reported profit and equity:

- 1 Under previous UK GAAP the Defined Benefit Pension scheme, a group scheme, was accounted for by the company as a defined contribution scheme. Under FRS 102, the scheme has been accounted for as a defined benefit scheme by the company as it is the sponsoring employer. The difference between the contributions paid and the defined benefit accounting recorded in the income statement, for the year ended 31 December 2014, was £1,327,200. The opening defined benefit pension scheme deficit, net of associated deferred tax asset, was £23.2 million and has been adjusted against opening reserves upon transition.