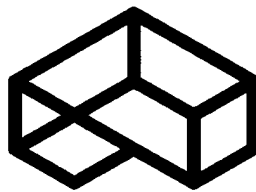


Registration number: 04099001

# Arconic UK Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021



**ARCONIC**

Innovation, engineered.



## **Arconic UK Holdings Limited**

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**Arconic UK Holdings Limited**  
**Company Information**

**Director** R L Woodall

**Registered office** 170 Kitts Green Road  
Birmingham  
England  
B33 9QR

**Independent Auditors** PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff 1 Kingsway  
1 Kingsway  
Cardiff  
CF10 3PW

## **Arconic UK Holdings Limited**

### **Strategic Report for the Year Ended 31 December 2021**

The director presents the Strategic Report of Arconic UK Holdings Limited ("the Company") for the year ended 31 December 2021.

#### **Review of the business and future developments**

The results of the Company for the year ended 31 December 2021 are shown in the Statement of Comprehensive Income on page 10 and show a loss for the financial year of £(169,823,000) (2020: profit £63,000). The loss for the financial year is the result of a review of the fair value of the Company's subsidiary Arconic Manufacturing (GB) Limited that indicated that at 31 December 2021 an impairment provision of £170,000,000 was required against the carrying value of the investment, details of the provision are shown in note 11 on page 20

The financial position of the Company as at 31 December 2021 is shown on the balance sheet on page 11. The director considers that the financial position of the Company as at 31 December 2021 was satisfactory.

The director does not consider there to be any likely future developments of significance.

#### **Key performance indicators (KPIs)**

Given the straightforward nature of the business the Company's director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

#### **Principal risks and uncertainties**

From the perspective of the Company the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Arconic Corporation, which include those of the Company are discussed in the section entitled "Risk factors" in the Arconic Corporation Group's 2021 Annual report which does not form part of this report. Details of where the annual report can be found are shown in note 14 to the financial statements or on the Arconic Corporation website ([www.arconic.com](http://www.arconic.com)).

#### **Covid 19**

As a non - trading intermediate holding company COVID-19 has not impacted the Company directly. The director has considered the impact of Covid 19 on the carrying value of its investments and are satisfied that no impairment provisions are required.

#### **Section 172(1) statement**

The Board acknowledges that the long-term success of the Company is dependent on the way it works with several important stakeholders. The Board are supported in their duty by the management team of Arconic Corporation, located in Pittsburgh, USA. Key stakeholders are considered in their decision making and in doing so ensure the director's duty is discharged under section 172 of the Companies Act 2006. More information on the Arconic leadership team is available from [www.arconic.com/leadership](http://www.arconic.com/leadership).

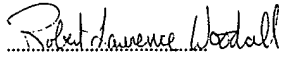
Arconic Corporation are committed to having a positive impact on our customers, shareholders, employees, and the communities and markets in which we operate. To that effect, Arconic Corporation publish an annual Environmental, Social and Governance Report in line with Global Reporting Initiative (GRI) Standards. A full copy of this report is available from [www.arconic.com/sustainability-report](http://www.arconic.com/sustainability-report).

We're guided by our Values, Code of Conduct, and ethics and compliance program to make the right decision - every time. This includes Code of Conduct training for all employees, Anti-Corruption Program, Human Rights Program and 24/7 integrity helpline. For more information please visit [www.arconic.com/ethics](http://www.arconic.com/ethics).

The director acknowledges his duty to act fairly between all members of the Company. Key stakeholders are considered in the decision making process of the board with due consideration to the corporate policies referenced above.

**Arconic UK Holdings Limited**  
**Strategic Report for the Year Ended 31 December 2021**

This report was approved by the director on 18 November 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R L Woodall', written over a dotted line.

R L Woodall  
Director

## **Arconic UK Holdings Limited**

### **Director's Report for the Year Ended 31 December 2021**

The director presents the annual report and audited financial statements of Arconic UK Holdings Limited (the "Company") for the year ended 31 December 2021.

#### **Principal activities**

The Company acts as a holding company for the Arconic Corporation companies in the UK.

#### **Results and dividends**

The results of the Company for the year ended 31 December 2021 are shown in the Statement of Comprehensive Income on page 10 and show a loss for the financial year of £(169,823,000) (2020: profit £63,000). The loss for the financial year is the result of a review of the fair value of the Company's subsidiary Arconic Manufacturing (GB) Limited that indicated that at 31 December 2021 an impairment provision of £170,000,000 was required against the carrying value of the investment, details of the provision are shown in note 11 on page 20

The director does not recommend the payment of a dividend for the year (2020: £Nil).

#### **Directors of the company**

The director who held office during the year and up to the date of signing of the financial statements was as follows:

R L Woodall

#### **Disclosure of indemnities**

The director confirms under section 234 of the Companies Act 2006 that, for the financial year ending 31 December 2021 and on the date the director's report is signed :

- a qualifying third party indemnity provision (provided by the ultimate parent company, Arconic Corporation) was in force for the benefit of the director of the Company;
- a qualifying third party indemnity provision (provided by the ultimate parent company, Arconic Corporation) was in force for the benefit of the director of the Company; and
- that there is no qualifying third party indemnity provision provided by the Company for one or more directors of an associated company.

#### **Future developments**

The future developments in the business are set out in the Strategic Report on page 2.

#### **Political donations**

The company made political donations during the financial year ended 31 December 2021 of £Nil (2020 - £Nil)

#### **Going concern**

Arconic Corporation has pledged to continue to support the Company by continued access to the Company's cash resources within the Group cash pooling facilities and also by providing sufficient funding should it be necessary to enable the Company to trade for at least twelve months from the date of approval of the financial statements. The director is that Arconic Corporation will honour its commitment of support. The Company therefore continues to adopt the going concern basis of preparing the financial statements.

#### **Financial risk management policies**

The director has reviewed the financial risk management objectives and policies of the Company. The Company does not as a regular policy enter into hedging instruments, as there is not believed to be any material exposure. It also does not enter into any speculative financial instruments. The director does not consider there to be any material financial risks.

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

**Arconic UK Holdings Limited**  
**Director's Report for the Year Ended 31 December 2021**

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland", and applicable law).

Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006.

**Director's confirmations**

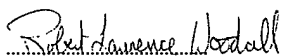
In the case of each director in office at the date the director's report is approved:

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

**Independent auditors**

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

Approved by the director on 18 November 2022 and signed on its behalf by:



R L Woodall  
Director

**Arconic UK Holdings Limited**

**Independent auditors' report to the members of Arconic UK Holdings Limited**

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

**Opinion**

In our opinion, Arconic UK Holdings Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for opinion**

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

*Independence*

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

**Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the director with respect to going concern are described in the relevant sections of this report.



**Arconic UK Holdings Limited**

# **Independent auditors' report to the members of Arconic UK Holdings Limited**

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

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### *Strategic report and Director's Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Director's Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Director's Report.

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

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

As explained more fully in the Statement of director's responsibilities, the director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

**Arconic UK Holdings Limited**

**Independent auditors' report to the members of Arconic UK Holdings Limited**

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and to enquire of any known instances of non-compliance with Laws and Regulations and Fraud
- Reading board minutes for evidence of breaches of regulations and reading relevant correspondence
- Challenging assumptions and judgements made by management in their significant accounting estimates
- Identifying and testing journal entries, in particular journal entries posted with unexpected account combinations
- Incorporating unpredictability into the nature, timing and/or extent of our testing

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

*Use of this report*

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

**Arconic UK Holdings Limited**

**Independent auditors' report to the members of Arconic UK Holdings Limited**

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

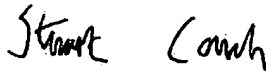
**Other required reporting**

**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Stuart Couch (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP,  
Chartered Accountants and Statutory Auditors  
Cardiff

18 November 2022

**Arconic UK Holdings Limited**  
**Statements of Comprehensive Income for the Year Ended 31 December 2021**

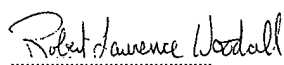
	Note	2021 £ 000	2020 £ 000
Administrative expenses		(24)	-
Exceptional Items - Impairment charge	6	<u>(170,000)</u>	<u>-</u>
<b>Operating loss</b>		<b>(170,024)</b>	<b>-</b>
Other interest receivable and similar income	8	<u>1</u>	<u>16</u>
<b>(Loss)/profit before taxation</b>		<b>(170,023)</b>	<b>16</b>
Income tax expense		<u>200</u>	<u>47</u>
<b>(Loss)/profit for the financial year</b>		<b><u>(169,823)</u></b>	<b><u>63</u></b>
 <b>Total comprehensive income for the financial year</b>		 <b><u>(169,823)</u></b>	 <b><u>63</u></b>

The notes on pages 13 to 23 form an integral part of these financial statements.

**Arconic UK Holdings Limited**  
**(Registration number: 04099001)**  
**Balance Sheet as at 31 December 2021**

	Note	2021 £ 000	2020 £ 000
<b>Fixed assets</b>			
Investments	11	131,000	301,000
<b>Current assets</b>			
Debtors	12	<u>12,879</u>	<u>12,702</u>
<b>Net assets</b>		<u>143,879</u>	<u>313,702</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Share premium account	14	197,155	197,155
Profit and loss account	14	<u>(53,276)</u>	<u>116,547</u>
Total equity		<u>143,879</u>	<u>313,702</u>

The financial statements on pages 10 to 23 were approved and authorised by the director on 18 November 2022



R L Woodall  
Director

The notes on pages 13 to 23 form an integral part of these financial statements.

**Arconic UK Holdings Limited**  
**Statement of Changes in Equity for the Year Ended 31 December 2021**

	Share premium account £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2021	197,155	116,547	313,702
Loss for the financial year	-	(169,823)	(169,823)
Total comprehensive income for the year	-	(169,823)	(169,823)
At 31 December 2021	197,155	(53,276)	143,879

Profit and loss account represents cumulative retained comprehensive income.

Share premium account represents consideration received in respect of the issuance of share capital in excess of the nominal value of that share capital, less any costs directly incurred in connection with the issue.

	Share premium account £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2020	197,155	116,484	313,639
Profit for the financial year	-	63	63
Total comprehensive income for the year	-	63	63
At 31 December 2020	197,155	116,547	313,702

The notes on pages 13 to 23 form an integral part of these financial statements.

# **Arconic UK Holdings Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **1 General information**

Arconic UK Holdings Limited ("the Company") is a private company limited by share capital, incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is 170 Kitts Green Road, Birmingham, England, B33 9QR,

The Company acts as a holding company for the Arconic Corporation companies in the UK.

### **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements.

#### **2.1 Basis of preparation of financial statements**

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

#### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Arconic Corporation as at 31 December 2021 which can be obtained from Arconic Corporation Corporate Office, Arconic Corporation Corporate Office, 201 Isabella Street, Pittsburgh, PA 15212-5872, USA.

#### **2.3 Exemption from the requirement to prepare consolidated financial statements**

The Company is a wholly owned subsidiary of Arconic Corporation. It is included in the consolidated financial statements of Arconic Corporation which are publicly available from either the address set out in note 16 to the financial statements or the Arconic Corporation website ([www.arconic.com](http://www.arconic.com)). Therefore the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

# **Arconic UK Holdings Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **2 Summary of significant accounting policies (continued)**

#### **2.4 Going concern**

Arconic Corporation has pledged to continue to support the Company by continued access to the Company's cash resources within the Group cash pooling facilities and also by providing sufficient funding should it be necessary to enable the Company to trade for at least twelve months from the date of approval of the financial statements. The director is satisfied that Arconic Corporation will honour its commitment of support. The Company therefore continues to adopt the going concern basis of preparing the financial statements.

#### **2.5 Foreign currency**

##### **(i) Functional and presentation currency**

The Company's functional and presentation currency is the pound sterling.

##### **(ii) 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 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 Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within administrative expenses. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within cost of goods sold.

#### **2.6 Finance income and costs**

##### **(i) Interest income**

Interest income is recognised using the effective interest rate method.

##### **(ii) Finance costs**

Finance costs are charged to the Statement of Comprehensive Income 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.

#### **2.7 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

#### **2.8 Investments**

Investment in subsidiary companies is held at cost less accumulated impairment losses.

#### **2.9 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.



**Arconic UK Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**2 Summary of significant accounting policies (continued)**

**2.10 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.

**2.11 Impairment of non-current financial assets**

At each balance sheet date non-current financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset. If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the Statement of Comprehensive Income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

**2.12 Called up share capital**

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

**2.13 Financial instruments**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. 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 the Statement of Comprehensive Income. 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 the Statement of Comprehensive Income.

## **Arconic UK Holdings Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **2 Summary of significant accounting policies (continued)**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **(ii) Financial liabilities**

Basic financial liabilities, including amounts owed 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 receipts discounted at a market rate of interest.

Amounts owed to group undertakings are obligations to pay for goods or services that have been acquired in the ordinary course of business. Amounts owed to group undertakings are classified as Creditors: amounts falling due within one year if payment is due within one year or less. If not, they are presented as Creditors: amounts falling due after more than one year. Amounts owed to group undertakings are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### **(iii) Offsetting**

Financial assets and liabilities are offset and 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.

#### **2.13 Financial instruments (continued)**

##### **(iv) Derivatives**

Derivative financial instruments can be a financial asset or a financial liability and are not basic financial instruments.

Derivatives, including forward foreign exchange contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or income as appropriate.

The Company does not currently apply hedge accounting for foreign exchange derivatives.

#### **2.14 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

# **Arconic UK Holdings Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2021**

### **2 Summary of significant accounting policies (continued)**

#### **2.15 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax 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 balance sheet date in the countries where the Company operates and generates income.

Where relief is claimed against losses sustained by other companies in the group, this relief is charged to the Company by the donor company at the rate of £1 for every £1 of taxation not paid. Amounts payable for group relief are included in the taxation charge of the Company.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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;

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current or deferred taxation assets and liabilities are not discounted.

### **3 Judgements in applying accounting policies and key sources of estimation uncertainty**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

#### **Impairment of investments**

The Company considers if there is a trigger for impairment and if so whether investments are impaired. If there is an impairment review this requires consideration of the financial position and financial performance of the subsidiary companies as listed in note 11 and the estimation of future revenues and future cash flows from the company as well as the selection of appropriate discount rates in order to calculate the net present value of those cash flows.

The director considers that there are no significant judgements or key sources of estimation uncertainty in the preparation of these financial statements.

# Arconic UK Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 4 Auditors remuneration

The audit fees amounting to £1,000 (2020: £1,000) of the Company have been paid by Arconic Manufacturing (GB) Limited with no recharge to the Company. The remuneration of the Company's auditors for the provision of non-audit services to the Company was £Nil (2020: £Nil)

### 5 Employees

The Company has no employees other than the director, who did not receive any remuneration (2020: £Nil).

### 6 Exceptional items

The analysis of the company's exceptional items for the year is as follows:

	2021 £ 000	2020 £ 000
Impairment of investment in subsidiary	<u>(170,000)</u>	<u>-</u>

Investment impairment charge.

An impairment review of the companies investment in Arconic Manufacturing (GB) Limited indicates that the carrying value of the investment exceeds the fair value of Arconic Manufacturing (GB) Limited by £170,000,000. Details of the review are shown in note 11.

### 7 Director's remuneration

The director received emoluments during the year for their services to the Company (2020: £Nil). The director is employed by other companies within the Arconic Corporation group and is remunerated by fellow group companies for his services to the group as a whole. It is not practical to allocate their remuneration for his services as a director between group companies.

### 8 Interest receivable and similar income

	2021 £ 000	2020 £ 000
Interest receivable from group undertakings	<u>1</u>	<u>16</u>

**Arconic UK Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**9 Tax on profit**

Tax (credited) in the Statement of Comprehensive Income.

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax	<b>(4)</b>	571
Deferred tax	<b>(196)</b>	(618)
	<b>(200)</b>	(47)

the tax on loss (2020: profit) before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020: 19%)

The differences are reconciled below:)

	<b>2021</b>	<b>2020</b>
	<b>£ 000</b>	<b>£ 000</b>
(Loss)/profit before taxation	<b>(170,023)</b>	16
Corporation tax at standard rate	<b>(32,304)</b>	3
Effect of expense not deductible in determining taxable profit (tax loss)	<b>32,300</b>	-
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	<b>(196)</b>	(618)
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	<b>-</b>	568
Total tax credit	<b>(200)</b>	(47)

**10 Dividends**

The director does not recommend the payment of a dividend for the year (2020: £Nil).

**Arconic UK Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**11 Investments**

	2021 £ 000	2020 £ 000
<b>Net book value</b>		
Investments in subsidiaries	<u>131,000</u>	<u>301,000</u>
<b>Subsidiaries</b>		£ 000
<b>Cost</b>		
At 1 January 2021 and 31 December 2021		<u>301,000</u>
<b>Accumulated impairment</b>		
At 1 January 2021		-
Impairment charge for the financial period		<u>170,000</u>
At 31 December 2021		<u>170,000</u>
<b>Carrying amount</b>		
At 31 December 2021		<u>131,000</u>
At 31 December 2020		<u>301,000</u>

The Company performs its annual impairment tests on 31 December 2021 and 2020, when it compares the fair value of its subsidiary with its carrying value in financial statements for any indication of impairment.

The fair value calculation uses cash flow projections that have been determined from annual five-year financial forecasts which are discounted using a pre-tax Weighted Average Cost of Capital (WACC) of 12%. The WACC is based on rates used by similar UK companies adjusted by a risk premium to reflect the size of the Arconic UK group. Arconic Corporation provides all the debt and equity funding for Arconic UK companies and its WACC's are in the range 7.5 to 10.5%. Cash flows beyond the five-year period are extrapolated using a terminal value model.

The Company's investment in Arconic Manufacturing (GB) Limited (AMGB) has a fair value that was below the carrying value of its equity, indicating an impairment. An impairment charge of £170m has been made against the investment, this charge is shown as an exceptional item in the Statement of Comprehensive Income.

Key assumptions used in the fair value calculations and sensitivity to changes in assumptions.

- Exchange rates – Approximately 90% of AMGB's revenue is denominated in USD but the majority of its expenses are denominated in GBP, this results in material changes in the cashflows used in the calculation as the exchange rate varies. The impairment provision has been calculated using the GBP/USD exchange rate at 31 December 2021 (USD 1.3483 to GBP). At current exchange rates (USD between 1.12 and 1.14 to GBP) the provision would be an amount within the range £81m to £96m

- Discount rates (if US Corporate rate of 7.5% used impairment charge would be £71.5m at the exchange rate on 31 December 2021)

Combining the sensitivity of these two assumptions (i.e. using current exchange rates and the US Corporate rate) the fair value of AMGB is between £48m to £66m greater than its carrying value.

# Arconic UK Holdings Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021

### 11 Investments (continued)

#### Subsidiary undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital, during the period ended 31 December 2021, are as follows:

Undertaking	Country of incorporation	Direct/Indirect shareholding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
Arconic Manufacturing (GB) Limited	England and Wales	Direct	100%	100%
Kawneer UK Limited	England and Wales	Indirect (a)	100%	100%
Arconic UK Finance	England and Wales	Indirect (a)	100%	100%
Arconic Closure Systems International (UK) Limited	England and Wales	Indirect (a)	100%	100%
Alumax UK Limited	England and Wales	Indirect (b)	100%	100%
Fairchild Fasteners (UK) Limited	England and Wales	Indirect (c)	100%	100%
ABPS (Trustees) Limited	England and Wales	Indirect (a)	100%	100%

ABPS (Trustees ) Limited was dissolved on 6 April 2021.

On 31 December 2021 the subsidiaries owned by Arconic Manufacturing (GB) Limited (AMGB) were restructured. Fairchild Fasteners Limited distributed its shareholding in Kawneer UK Limited and remaining net assets to Alumax UK Limited at cost, Alumax UK Limited then distributed the shareholding and its remaining net assets to Arconic Closure Systems Limited at cost, and finally Arconic Closure Systems Limited distributed the share holding and its remaining net assets to AMGB.

Subsequently Alumax UK Limited and Fairchild Fasteners Limited were dissolved on the 26 April 2022 and Arconic Closure Systems International (UK) Limited was dissolved on 21 June 2022.

The address of the registered office of the subsidiaries listed above is 170 Kitts Green Road, Birmingham, B33 9QR, except for Kawneer UK Limited whose registered office is Ashmoor Road, Ashmoor Industrial Estate, Runcorn, Cheshire, WA7 1QQ.

- (a) Shares held by Arconic Manufacturing (GB) Limited
- (b) Shares held by Arconic Closure Systems International (UK) Limited
- (c) Shares held by Alumax UK Limited

**Arconic UK Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**11 Investments (continued)**

Undertaking	Principal Activity
<b>Subsidiary undertakings</b>	
Arconic Manufacturing (GB) Limited	Manufacture, distribution and sale of aluminium rolled products
Kawneer UK Limited	Extrusion, anodising of architectural aluminium
Arconic UK Finance	Finance and investment
Arconic Closure Systems International (UK) Limited	Dissolved
Alumax UK Limited	Dissolved
Fairchild Fasteners (UK) Limited	Dissolved
ABPS (Trustees) Limited	Dissolved

**12 Debtors**

	2021 £ 000	2020 £ 000
Amounts owed by group undertakings	9,834	9,833
Amounts owed by group undertakings - group relief	2,211	2,230
Other debtors	21	21
Deferred tax assets	<u>813</u>	<u>618</u>
Total current and non current debtors	12,879	12,702
Non current element - deferred tax assets	<u>(813)</u>	<u>(618)</u>
Total current trade and other debtors	<u>12,066</u>	<u>12,084</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**Details of non-current trade and other debtors**

£813,000 (2020 -£617,000) of Deferred tax assets is classified as non current. this relates to loan relationship deficits available for future relief.

**13 Called up share capital**

**Allotted, called up and fully paid shares**

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>291</u>	<u>291</u>	<u>291</u>	<u>291</u>



**Arconic UK Holdings Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2021**

**14 Reserves**

**Share premium account**

Share premium account represents consideration received in respect of the issuance of share capital in excess of the nominal value of that share capital, less any costs directly incurred in connection with the issue.

**Profit and loss account**

Profit and loss account represents cumulative retained comprehensive income

**15 Related party transactions**

The Company is a wholly-owned subsidiary of Arconic Corporation and is included in the consolidated financial statements of Arconic Corporation, which are publicly available. Consequently, in accordance with the exemption afforded by Financial Reporting Standard No 102, there is no disclosure in these financial statements of transactions with entities where 100% of the Company's voting rights are controlled within the Arconic Corporation group.

**16 Parent and ultimate parent undertaking**

The company's immediate parent is Arconic Global Treasury Services Sarl, incorporated in Luxembourg.

The ultimate parent is Arconic Corporation, incorporated in the United States of America, and forms the largest and smallest group in which the Company's results are consolidated.

The most senior parent entity producing publicly available financial statements is Arconic Corporation. These financial statements are available upon request from Arconic Corporation Corporate Office, 201 Isabella Street, Pittsburgh, PA 15212-5872, USA The ultimate controlling party is Arconic Corporation.