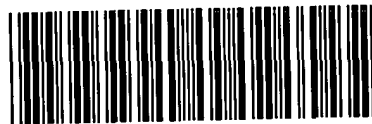


Spartan UK Limited
Annual report and financial statements
for the year ended 31 December 2020

Registered number 04140355

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Spartan UK Limited
Annual report and financial statements
for the year ended 31 December 2020
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Spartan UK Limited

Strategic report for the year ended 31 December 2020

Business review and future developments

The results for the year are set out in the statement of comprehensive income on page 8. Revenue decreased by 25% compared to 2019 to £138.3 million from £185.3m. The volume of Spartan's plate sales decreased and there was also a decrease in the trading of other Metinvest Group products within existing markets. Steel prices of all products were also lower than the previous year although there was a significant increase towards the end of the year. A loss of £0.3 million was recorded for the year with a loss of £0.2 million in 2019.

The balance sheet at 31 December 2020 shows that the financial position of the company has deteriorated slightly with net assets of £31.6 million (2019: £31.9 million).

The directors are satisfied with the development of the business, which has performed well in testing market conditions.

In 2021 Spartan UK Limited are expecting continued demand across the markets. It is anticipated that customers will favour Spartan's supply during this year as the short lead times minimise their risks during this period.

Key performance indicators (KPIs)

The company relies on different key performance indicators at an operational level. Such KPIs are used by the management team to monitor performance on a regular basis and are monitored by Metinvest Group, to which the company belongs.

The main KPI used is the price per ton which was on average £438 during 2020 (2019: £495).

Section 172 Companies Act 2006

The directors must act in a way they consider would be most likely to promote the success of the company for the benefit of its members as a whole and in doing so have regard to the matters set out in Section 172(1).

These are set out below:

1. Long term consequences:

The company continues to make both investment and operational decisions for the long term future. The company has invested in best available technology on several heating furnaces to both reduce the specific energy consumption and meet current and future environmental standards.

2. Interest of Employees:

A comprehensive employee engagement scheme is in place and the company has invested in a new Training and Development platform as part of its ongoing commitment.

3. Supplier and Customer relationships:

The company fosters strong relationships with both its customers and suppliers, including long term strategic relationships where appropriate. These have been developed over a number of years, based on mutual trust and understanding, and provide a firm foundation for the long term health of the business.

Spartan UK Limited

Strategic report for the year ended 31 December 2020 – continued

Section 172 Companies Act 2006 (continued)

4. Impact on the Community and Environment:

The company recognises that its operations have the potential to impact both the local community and the environment. The company has put in place operational practices to minimise the impact on both and has invested in technology to further minimise the overall environmental impact.

5. High Standards of Business Conduct:

The company is guided by the ultimate parent company (Metinvest B.V.) Code of Ethics to maintain high standards of business conduct in all areas of operation. All employees are regularly trained in the requirements and expectations of the code.

6. Act fairly between shareholders:

The company is wholly privately owned so there are no diverse or external interests of shareholders. There were no principal decisions made in the year.

There is an ongoing program of employee engagement activities which includes a weekly briefing on the performance of the business.

There is a Corporate employee engagement survey undertaken every 2 years with results published and analysed for areas of improvement.

Principal and financial risks

The directors have carefully considered the principal risks and uncertainties facing the business. These include:

Market risks

- **Selling prices and volumes** - The key to success is to leverage the company's position through the premium which its service offering demands. Spartan UK Limited has a well dispersed customer base with no single customer accounting for a significant portion of the business. Equally the business is well spread geographically and across sectors. This spread of business minimises the risks arising from the loss of business in any one area. In 2020 this positioning has been vital to maintaining the level of business achieved.
- **Raw material prices** – The company is exposed to fluctuations in the price of raw materials. The management manage this risk through monitoring prices and adjusting purchases of raw materials accordingly. Strict control and limiting of raw material stocks also mitigate the risks.
- **Currency rates** – The company faces transactional exchange rate risk from its foreign currency dealings and translational exchange rate risk from its monetary assets and liabilities. Whilst it seeks to minimise its transactional exchange rate risk by both buying and selling in the same currency, the directors recognise that its monetary assets and liabilities are exposed to adverse rate movements.
- **Interest rates** – The company was exposed to interest rate risk on loan interest and now interest on factoring arrangements. This is managed through the Central Treasury Function for the European Re-rolling Business Unit, of which Spartan is a part of. The directors do not consider the risk to be significant.

Spartan UK Limited

Strategic report for the year ended 31 December 2020 - continued

Principal and financial risks (continued)

Liquidity risk

The company's cash position has decreased at the end of the year. The net debt has also decreased due to the repayment of the loan facility during the year. The liquidity risk is managed by the Central Treasury Function for the European Re-rolling Business Unit. The directors do not consider that the company is exposed to significant liquidity risk.

Credit risk

The directors do not consider that the company is exposed to significant bad debt risk due to its well dispersed customer base. Customer credit levels and outstanding debts are monitored to identify any potential credit risks. The extensive use of credit insurance and the new factoring arrangement entered into mitigates this credit risk further.

Brexit

Following the determination of the post Brexit trading arrangements the Company put in place suitable arrangements to continue exporting to Europe as before. These were active from 4th January and after some initial challenges are working well. Export orders continue to form a significant part of our business. The increased Regulation for exports has meant some additional costs to the business but these are not material.

As such the company expects to continue operating in the same manner as pre-Brexit.

Covid-19 Impact

The business has managed the impact of the Covid-19 pandemic well to date and mitigated its impact. The company has continued to operate as normal having put appropriate measures in place. There was a reduction in output at the peak of the crisis in April 2020 but the company returned to normal operations from May onwards. Only a very small number of employees were furloughed for specific non-operational reasons during the year. Demand returned to normal levels from September onwards and market outlook is strong. There was a reduction in the level of trading with Metinvest group companies but the company's core business activity was not significantly impacted.

On behalf of the Board

V Dembytsky
Director

June 28th, 2021

Spartan UK Limited

Directors' report for the year ended 31 December 2020

The directors present their report and audited financial statements of the company for the year ended 31 December 2020.

Registered office

The company's registered office and principal place of business is Ropery Road, Teams, Gateshead, Tyne and Wear, England. NE8 2RD.

Principal activities

The principal activity of the company is that of a steel rolling mill producing hot rolled steel plates. The company is classified as a re-roller, converting and adding value to purchased steel slabs. The company's principal customers are end-users, service centres and stockists in the UK, mainland Europe and Scandinavia. The cornerstones of the business model are short lead times, delivery accuracy and quality. For this service Spartan UK Limited charges a premium.

Proposed dividend

The directors do not recommend the payment of a dividend (2019: £nil).

Qualifying third-party indemnity provisions

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. This was in place throughout the year and continues to be in place at the date of the approval of these financial statements.

Directors

The directors who held office during the year and up to the date of signing this report were as follows:

A Pögozhev
I Dankova
V Dembytskyy

Financial risk management

Information in relation to the company's financial risk management is set out in note 2.

Future developments

The future developments are disclosed in the Strategic report on page 1.

Spartan UK Limited

Directors' report for the year ended 31 December 2020 – continued

Environmental Reporting

As a significant consumer of natural resources the company understands its responsibilities in minimizing its impact on the environment. The company has implemented policies, procedures, and goals to achieve this aim.

The company carries out activities on the Gateshead site in line with all aspects of its Emissions Permit and reports annually on its resource usage and waste through the Integrated Pollution Prevention and Control regulations (IPPC) both of which are regulated by the Environment Agency.

The company operates an Environmental Management System complying with the requirements of ISO14001 and is certified to BES6001 for sustainable and responsible resourcing.

The company continually strives to minimize its environmental impact where possible through targeted investment in best available technologies and efficient process control. This has included the recent installation of state-of-the-art energy efficient burners on new reheating furnaces and retrofitting them to existing installations. This has resulted in reduced emissions of CO₂ and NO_x per tonne of product and lower overall gas consumption.

By modifying and optimizing existing equipment the company has reduced the use of fresh water by over 60% per tonne of product in recent years. Ongoing improvements in areas such as compressed air leakage reduction and electric motor control optimization have also contributed to a reduction of overall energy usage and emissions.

In 2019 the company took part in phase 2 of the ESOS scheme with energy saving measures identified being undertaken as a result.

Carbon:

The company has operated under the EU ETS scheme for carbon emissions for a number of years. In line with the UK Government's Environmental Reporting Guidelines (2013) the company's energy usage and carbon emissions are set out below as required.

	2020
Carbon emissions (measured in tonnes of CO ₂ equivalent – tCO ₂ eq)	
Scope 1 emissions – combustion of gas, fuels and business travel	22,695
Scope 2 emissions – electricity consumed for own use	2,067
Intensity Ratios (tCO ₂ eq by reference to other business metrics)	
Per tonne of plate produced	0.12

Methodology – GHG Reporting Procedures – Utility bills and delivery invoices.

Conversion factors – UK Government GHG Conversion factors for Company Reporting

Spartan UK Limited

Directors' report for the year ended 31 December 2020 – continued

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 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 directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

Directors' confirmations

In the case of each director in office at the date the directors' 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.

On behalf of the Board

V Demoytchuk
Director

June 28th, 2021

Spartan UK Limited

Independent auditors' report to the members of Spartan UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Spartan UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 2020; the Statement of comprehensive income, the Statement of cash flows 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 members' 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 members with respect to going concern are described in the relevant sections of this report.

Spartan UK Limited

Independent auditors' report to the members of Spartan UK Limited - continued

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 members are 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 Directors' 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 Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 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 Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the members for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the members are 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 members are 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 members are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Spartan UK Limited

Independent auditors' report to the members of Spartan UK Limited - continued

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 tax and company legislation, including compliance with the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. 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 the posting of inappropriate journal entries or through management bias in manipulation of accounting estimates with the aim of increasing revenue or profitability, including the increase of its Earnings Before Interest Tax Depreciation or Amortisation "EBITDA". Audit procedures performed by the engagement team included:

- Discussions with management including those charged with governance, inquiring specifically as to whether there was any known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of board minutes;
- Review of legal expenses in the year to identify potential non-compliance with laws and regulations;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular net realizable value of inventories, impairment of trade receivables and consideration of the impacts of COVID-19 on going concern; and
- Identifying and testing journal entries in particular any journal entries posted with unusual account combinations, focussing on those that increased revenue or that improved performance at an earnings before interest tax depreciation and amortisation "EBITDA" level.

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. 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.

Spartan UK Limited

Independent auditors' report to the members of Spartan UK Limited - continued

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 obtained 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 members' 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.



Mark Dawson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle

28 June 2021

Spartan UK Limited

Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £	2019 £
Revenue	3	138,321,531	185,329,012
Cost of sales	4	(128,223,623)	(171,626,145)
Gross profit		10,097,908	13,702,867
Distribution costs	4	(5,961,783)	(6,833,409)
Administrative expenses	4	(3,366,162)	(5,373,825)
Other operating expenses	4	(191,741)	(186,073)
Operating profit		578,222	1,309,560
Finance income	8	53	277
Finance costs	9	(893,194)	(1,549,204)
Loss before income tax		(314,919)	(239,367)
Income tax credit	10	6,024	31,629
Loss for the year		(308,895)	(207,738)
Total comprehensive loss for the year		(308,895)	(207,738)

All amounts above relate to continuing operations.

Spartan UK Limited

Balance sheet as at 31 December 2020

	Note	2020 £	2019 £
Assets			
Non-current assets			
Property, plant and equipment	11	8,504,007	9,256,718
Right of use assets	23	595,272	461,968
Intangible assets	12	6,964	11,232
Investments	13	7	7
		9,106,250	9,729,925
Current assets			
Inventories	14	31,917,905	21,088,061
Trade and other receivables	15	22,987,572	41,886,460
Cash and cash equivalents	16	7,408,077	12,778,659
Current income tax asset		152,745	152,922
		62,466,299	75,906,102
Total assets		71,572,549	85,636,027
Liabilities			
Current liabilities			
Trade and other payables	17	39,002,878	27,907,803
Borrowings	18	-	25,000,000
		39,002,878	52,907,803
Non-current liabilities			
Creditors: amount falling due after more than one year	19	619,836	463,292
Deferred tax liability	20	397,384	403,586
		1,017,220	866,878
Total liabilities		40,020,098	53,774,681
Equity			
Ordinary shares	21	2,500,000	2,500,000
Retained earnings		29,052,451	29,361,346
Total equity		31,552,451	31,861,346
Total equity and liabilities		71,572,549	85,636,027

These financial statements on pages 11 to 42 were approved by the Board of directors on June 28th, 2021 and were signed on its behalf by:

V Dembytskyy
Director
Registered number 04140355

Spartan UK Limited

Statement of cash flows for the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	25	21,008,643	12,819,450
Corporation tax paid		-	(24,850)
Interest paid		(893,194)	(1,549,204)
Net cash generated from operating activities		20,115,449	11,245,396
Cash flows from investing activities			
Purchases of property, plant and equipment		(467,589)	(2,405,190)
Purchases of intangible assets		(18,495)	(17,033)
Interest received		53	131
Dividend received		-	146
Net cash used in investing activities		(486,031)	(2,421,946)
Cash flow from financing activities			
Repayment of loan		(25,000,000)	-
Net cash used in financing activities		(25,000,000)	-
Net (decrease)/increase in cash and cash equivalents		(5,370,582)	8,823,450
Cash and cash equivalents at beginning of year		12,778,659	3,955,209
Cash and cash equivalents at end of year	16	7,408,077	12,778,659

Spartan UK Limited

Statement of changes in equity for the year ended 31 December 2020

	Ordinary shares	Retained earnings	Total equity
	£	£	£
At 1 January 2019	2,500,000	29,569,084	32,069,084
Loss for the year and total comprehensive expense	-	(207,738)	(207,738)
At 31 December 2019	2,500,000	29,361,346	31,861,346
Loss for the year and total comprehensive expense	-	(308,895)	(308,895)
At 31 December 2020	2,500,000	29,052,451	31,552,451

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020

1 Accounting policies

Spartan UK Limited is a private limited company, limited by shares, which is incorporated and domiciled in England in the United Kingdom. The principal accounting policies adopted 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.

Basis of preparation

These financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on the going concern basis and under the historical cost convention. A summary of the more important accounting policies is set out below together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Going concern

These accounts are prepared on a going concern basis, after making reasonable enquiries including consideration of cash flow forecasts, the directors are comfortable with this basis of preparation. The company is dependent on continued supply from its parent entity Metinvest BV, this entity has put in place a letter of support for the company so that Spartan UK Limited can continue as a going concern for a period of at least 12 months from the date that these financial statements were approved by the board of directors.

Revenue

Revenue comprises the fair value of the consideration received or receivable from the sale of carbon steel plates, and is stated net of value added tax and other discounts. In accordance with IFRS 15 Revenue from Contracts with Customers the company follows a 5-step process to determine whether to recognise revenue:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to its performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

All revenue for the company is recognised at a point in time upon satisfaction of the performance obligation which is when control passes to the customer i.e. on despatch or delivery of goods to customers depending on contracted terms with the customer, this is not necessarily the same as the time of payment for the goods. There are no warranties or obligations. Payment terms are generally standard depending on the particular geographical market.

The transaction price is based on the company price list, with additional prices for delivery and additional products if required. There is no variable consideration in customer contracts. The company considers the value of returns, refunds and similar obligations to be not significant based on historical information and experience.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

1 Accounting policies (continued)

Foreign currencies

Items included in the financial statements are recorded in sterling, which is considered to be the functional and presentational currency. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the statement of comprehensive income.

Intangible assets and amortisation

Intangible assets (software licences) are held at cost less accumulated amortisation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. They are amortised to £nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, of 3 years. Amortisation is charged to the statement of comprehensive income within administrative expenses.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on a straight line basis to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows. The residual values and useful lives of the assets are reassessed annually by management and adjusted if appropriate.

Freehold buildings	5 years
Plant and machinery	8 – 28 years
Fixtures, fittings and equipment	3 years

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

Depreciation is charged to the statement of comprehensive income within cost of sales.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

1 Accounting policies (continued)

Leases

The Company recognises assets and liabilities for all leases within term of more than 12 months, unless the underlying asset is of low value. A lessee recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset (underlying asset) for a period of time in exchange for consideration. The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The right-of-use asset is initially recognised at the commencement date and measured at cost. The cost of right-of-use asset includes the amount of initial measurement of the lease liability and any lease payments made at or before the commencement date, less any lease incentive received. The lease liability is initially recognised at the commencement date and measured at present value of the lease payments that are not paid at that date.

The rights-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses. The lease liability is subsequently measured using effective interest rate method. The carrying amount is remeasured to reflect any re-assessment or lease modifications, or to reflect revised in-substance fixed lease payments. A re-assessment of the lease liability takes place if the cash flows change based on the original terms and conditions of the lease. A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. Described above changes to the lease liability amount should be adjusted in the right-of-use asset amount. Any changes that are required by original lease agreement terms, including changes impacted by reviewed market lease payment or extension of lease period, should be treated rather as reassessment than modification. Effective date of changes is the date on which both parties agree to lease agreement changes.

The Company depreciates the right-of-use asset on the straight line basis from the lease commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. Depreciation should be recognised separately from interest on lease liabilities in the income statement

Inventories

Inventories are stated at the lower of cost and net realisable value. Raw materials are held at purchase cost plus any costs incurred in bringing the inventories to their present location and condition. For finished goods cost is taken as weighted average production cost, which includes an appropriate proportion of attributable overheads.

Net realisable value is taken as selling price, less any attributable costs. Provision is made where necessary for obsolete, slow moving and defective inventories.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

1 Accounting policies (continued)

Trade receivables

Trade receivables are recognised in the balance sheet at net realisable value being initial fair value less provision for impairment. Provisions are determined on the basis of an individual assessment of each receivable and the amount of the loss arising from provisions made is recognised within other expenses in the income statement together with the credit relating to the reversal of any provisions no longer required.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which requires expected lifetime losses to be recognised at the time of the initial recognition of the trade receivables. To measure the expected credit losses, trade receivables and amounts owed by Metinvest group undertakings are assessed separately.

The company entered into a factoring arrangement which allows the sale of eligible trade receivables to be made on a true sale and revolving basis without recourse to the company. The company derecognises the transferred eligible receivables on the basis that substantially all risks and rewards are neither transferred nor retained. The company maintains customer relationships and collects the amounts due from customers on behalf of the factor. The company continues to recognise the receivables to the extent of its continuing involvement, represented by the deferred purchase price amount, which is the maximum amount the company could lose in relation to transferred receivables.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost. Other payables primarily comprise holiday pay liabilities, income taxes, other taxes and interest payable, which are measured at fair value.

Cash and cash equivalents

Cash and cash equivalents includes cash and balances in accounts with no or short notice (including money market deposits).

Fair value measurements

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

1 Accounting policies (continued)

Financial instruments

Financial instruments comprise borrowings, cash, money market deposits, trade receivables and trade payables. The main purpose of these financial instruments is to manage the company's operations. No trading in financial instruments is undertaken.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Other financial liabilities, including loans such as loans from financial institutions are recognised when obtained at the proceeds received less transaction costs incurred. In subsequent periods, the loans are measured at amortised cost so that the effective interest charges are recognised in the income statement over the term of the loan.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Current taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws which have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using average tax rates (and laws) that have been enacted or substantively enacted by the accounting reference date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Post-retirement benefits

The company operates a defined contribution pension scheme to which employees can contribute. The assets of the scheme are held separately from those of the company in an independently administered fund.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

1 Accounting policies (continued)

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Going concern

The company relies heavily on Metinvest group companies to supply raw materials which are necessary in the production of its finished product. Management make judgements that this will continue uninterrupted into the future and apply its accounting policies based on this. Management believe that they will be able to source alternative supply should any difficulties with current arrangements occur. The company has received a letter of support from its parent, Metinvest BV, stating continued support for the next 12 months following the approval of these financial statements.

Inventory provisioning

The company produces hot rolled steel plates which are subject to changing demands and fluctuations in price. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The factoring arrangement has reduced the total trade debtor balance but the total debtor balance remains a significant amount.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

1 Accounting policies (continued)

New standards, amendments and interpretations

The following new standards, amendments to standards and interpretations became effective on 1 January 2020:

- Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7) (issued on 26 September 2019 and effective for annual periods beginning on or after January 1, 2020 and must be applied retrospectively. Early application is permitted.);
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020);
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020);
- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020);
- Covid-19-Related Rent Concessions – Amendment to IFRS 16 (issued on 28 May 2020 and effective for annual reporting periods beginning on or after 1 June 2020).

These standards, amendments to standards and interpretations did not have a material impact on the financial statements.

New Standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

2 Financial risk management

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The company's overall risk management programme seeks to minimise potential adverse effects on the company's financial performance.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, contractual cash flows of debt investments carried at amortised costs as well as credit exposures to customers, including outstanding receivables.

The company's financial assets which include intra group (balances with companies within the Metinvest Group) loans and short term receivables (previously categorised as loans and receivables) are measured at amortised cost on the basis of the entity's business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

In relation to the impairment of financial assets, IFRS 9 requires the company to apply an expected credit loss model and assess changes in expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and amounts owed by Metinvest group undertakings have been assessed separately. No expected credit loss has been calculated as the company uses a credit insurance policy which covers a significant amount of its exposure. This combined with robust credit management procedures ensure risks are well managed.

Expected credit loss calculated on other trade receivables was not material.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 – continued

2 Financial risk management (continued)

Liquidity risk

Liquidity risk arises due to purchases from the company's suppliers. Liquidity risk is managed through regular cash flow forecasting to ensure the company has sufficient available funds for its operations and growth. Liquidity risk is also minimised through intercompany indebtedness with Metinvest Group.

The table below analyses the company's financial liabilities into relevant maturity groupings at the accounting reference date, based on contractual maturities.

	Less than 1 year £	Between 2–5 years £
At 31 December 2020		
Borrowings	-	-
Trade and other payables	38,810,610	619,836
At 31 December 2019		
Borrowings	25,000,000	-
Trade and other payables	27,710,897	463,292

Market risk

Currency risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the US Dollar. Foreign exchange risk arises from commercial transactions and from retranslation of recognised assets and liabilities.

Being part of the Metinvest Group, the overall currency risk is managed at group level.

The company imports its raw materials through the Metinvest Group predominantly in pounds and also imports to a lesser extent in Euros from other external suppliers. Export sales are made in Euros which provides a natural hedge for its liabilities. The company buys and sells foreign currency at spot rates which is consistent with Metinvest Group policy. The currency risks are known and understood by both Spartan management and the shareholders.

Sensitivities have been performed based on the movement in currency rates during the year.

At 31 December 2020, if the Euro had weakened/strengthened by 5% (2019: 5%) against the pound with all other variables held constant, post-tax loss for the year would have been £266,182 (2019: £887,533) higher/lower, mainly as a result of foreign exchange loss/gain on translation of euro-denominated trade receivables.

At 31 December 2020, if the US dollar had weakened/strengthened by 5% (2019: 5%) against the pound with all other variables held constant, post-tax loss for the year would have been £655 (2019: £17) higher/lower, mainly as a result of foreign exchange loss/gain on translation of dollar-denominated bank balance.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 – continued

2 Financial risk management (continued)

Market risk (continued)

Steel prices

Steel prices remained fairly static throughout the year but increased significantly towards the end of the year. Management consider that there is no impact on the year end stock values as a result of price changes.

Summary of stock at year end:

	2020			2019		
	Tons	Value	£/ton	Tons	Value	£/ton
Slab stock	53,228	20,253,337	380	29,571	9,826,930	332
Spare parts	-	3,726,293	-	-	3,477,995	-
Plate stock	7,655	3,507,309	458	10,029	4,488,043	448
Traded stock	10,268	4,430,966	432	7,153	3,295,093	461

The weighted average purchase price for slabs in 2020 was £459/ton (2019: £323/ton). The average net selling price in January 2021 was £479/ton (2020: £433/ton) which would give a plate stock impairment of £nil (2019: £147,191). Average selling prices increased to £589/ton in April 2021.

Capital risk management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital. The capital structure is maintained through determining the amount of dividends paid to shareholders, repayment or drawing of debt and payment of other payables. The company's total equity consists of share capital and retained earnings. The company had no new external loan facilities during the prior year, and the existing loan has certain covenant restrictions. It also has extended credit on raw material purchases from within the Metinvest Group. The company monitors its capital risk through various ratios.

	2020	2019
	£	£
Total equity	31,552,451	31,861,346
Total assets	71,572,549	85,636,027
Group payable balance	33,677,764	23,304,193
Interest payable	893,194	1,549,204
EBITDA	1,821,285	2,407,458
Total equity/total assets	44.1%	37.2%
Group payable balance/EBITDA (times)	18.5	9.7
EBITDA/Interest cost (times)	2.0	1.6

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

3 Revenue

Revenue represents revenue from sale of goods and is derived in the following geographic regions and major product lines:

	Plates		Traded Products		Scrap		Others		
2020	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	Total £'000
Total revenue	63,022	36,647	14,082	21,707	2,825	-	-	39	138,322
Intercompany	(1,142)	(5,037)	(126)	-	-	-	-	(39)	(6,344)
Revenue from external customers	61,880	31,610	13,956	21,707	2,825	-	-	-	131,978
	63,022	36,647	14,082	21,707	2,825	-	-	39	138,322

	Plates		Traded Products		Scrap		Others		
2019	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	Total £'000
Total revenue	73,604	40,567	30,596	37,362	3,161	-	-	39	185,329
Intercompany	-	(8,170)	-	-	-	-	-	(39)	(8,209)
Revenue from external customers	73,604	32,397	30,596	37,362	3,161	-	-	-	177,120
	73,604	40,567	30,596	37,362	3,161	-	-	39	185,329

All revenue is recognised at a point in time.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020- continued

4 Expenses by nature

	2020	2019
	£	£
Changes in inventories of finished goods and goods for resale	35,071,327	66,121,255
Raw materials and consumables used	79,080,701	91,674,179
Employee benefit expense (note 6)	5,995,417	6,002,259
Depreciation	1,220,300	1,080,270
Amortisation	22,763	17,628
Foreign exchange (gains)/losses	(934,827)	1,344,658
Other expenses	17,287,628	17,779,203
Total cost of sales, distribution costs, administrative expenses and other operating expenses	137,743,309	184,019,452

5 Auditors' remuneration

	2020	2019
	£	£
Fees payable in respect of statutory audit	45,500	34,100

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020- continued

6 Employee benefit expense

The average monthly number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Management and administration	45	44
Production	72	74
	117	118

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£	£
Wages and salaries	5,253,630	5,272,858
Social security costs	556,330	557,162
Other pension costs	185,457	172,239
	5,995,417	6,002,259

7 Remuneration of directors

	2020	2019
	£	£
Aggregate emoluments	-	-

Total emoluments for the highest paid director were £nil (2019: £nil). The emoluments of the directors are paid by the parent company. The directors' services to this company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no emoluments in respect of any directors.

Retirement benefits are accruing to none (2019: none) of the directors under money purchase schemes.

No individuals other than the directors are considered key management personnel of the company.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020- continued

8 Finance income

	2020	2019
	£	£
Bank interest receivable	53	131
Dividend income	-	146
	53	277

9 Finance costs

	2020	2019
	£	£
Interest on bank loan	679,768	1,176,973
Interest on factored debt	43,210	-
Other interest payable	116,332	340,091
Interest on leases	53,884	32,140
	893,194	1,549,204

10 Income tax credit

	2020	2019
	£	£
Current tax:		
Current tax on loss for the year	-	-
Adjustment in respect of prior years	178	-
Total current tax	178	-
Deferred tax:		
Current year	(53,275)	(35,350)
Changes in tax rate	47,438	3,721
Adjustment in respect of prior years	(365)	-
Total deferred tax (note 20)	(6,202)	(31,629)
Income tax credit	(6,024)	(31,629)

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020- continued

10 Income tax credit (continued)

The tax on the company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the company as follows:

	2020	2019
	£	£
Loss before income tax	(314,919)	(239,367)
Loss before income tax multiplied by the standard rate of corporation tax in the UK, 19% (2019: 19%)	(59,835)	(45,480)
Effects of:		
Expenses not deductible for tax purposes	6,561	10,158
Changes in tax rate	47,438	3,721
Income not taxable	-	(28)
Rate differences on losses carried back	-	-
Adjustments in respect of prior years	(188)	-
Total tax credit	(6,024)	(31,629)

The standard rate of tax applied to reported profit on ordinary activities is 19% (2019: 19%). Finance Act 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% would not occur and the Corporation Tax Rate would be held at 19%. The maintenance of the rate as 19% was enacted in the Finance Act 2020. As a result of this the rate applicable to deferred tax has increased from 17% at 31 December 2019 to 19% for the year ended 31 December 2020.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as a result deferred tax balances as at 31 December 2020 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended 25% rate the impact on the closing deferred tax position would be to increase the deferred tax liability by £125,490.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020

- continued

11 Property, plant and equipment

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Assets in course of construction £	Total £
Cost					
At 1 January 2019	1,282,157	29,712,119	118,442	943,363	32,056,081
Transfers	-	242,754	-	(242,754)	-
Additions	-	2,128,655	-	276,535	2,405,190
Disposals	-	-	-	-	-
At 31 December 2019	1,282,157	32,083,528	118,442	977,144	34,461,271
Transfers	-	100,765	-	(100,765)	-
Additions	-	271,364	-	196,225	467,589
Disposals	-	-	-	-	-
At 31 December 2020	1,282,157	32,455,657	118,442	1,072,604	34,928,860
Accumulated depreciation					
At 1 January 2019	881,763	23,124,078	118,442	-	24,124,283
Charge for the year	394	1,079,876	-	-	1,080,270
Disposals	-	-	-	-	-
At 31 December 2019	882,157	24,203,954	118,442	-	25,204,553
Charge for the year	-	1,220,300	-	-	1,220,300
Disposals	-	-	-	-	-
At 31 December 2020	882,157	25,424,254	118,442	-	26,424,853
Net book amount					
At 31 December 2020	400,000	7,031,403	-	1,072,604	8,504,007
At 31 December 2019	400,000	7,879,574	-	977,144	9,256,718

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

12 Intangible assets

	Software licences £
Cost	
At 1 January 2019	119,550
Additions	17,033
At 31 December 2019	136,583
Additions	18,495
At 31 December 2020	155,078
Accumulated amortisation	
At 1 January 2019	107,723
Charge for the year	17,628
At 31 December 2019	125,351
Charge for the year	22,763
At 31 December 2020	148,114
Net book amount	
At 31 December 2020	6,964
At 31 December 2019	11,232

Amortisation is included within Administrative expenses in the Statement of comprehensive income.

13 Investments

	Shares in group undertakings £
Cost and net book value	
At 1 January 2019, 31 December 2019 and 31 December 2020	7

The investment represents 0.05% of the voting rights in Trametal Europe Sprl. The registered office is Ilgatlân 9, 3500 Hasselt, Limburg, Belgium.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

14 Inventories

	2020	2019
	£	£
Raw materials and consumables	23,979,630	13,304,925
Finished goods and goods for resale	7,938,275	7,783,136
	31,917,905	21,088,061

15 Trade and other receivables

	2020	2019
	£	£
Trade receivables	12,457,141	30,015,101
Amounts owed by group undertakings	9,528,929	9,161,665
Other receivables	603,090	2,070,848
Prepayments and accrued income	398,412	638,846
	22,987,572	41,886,460

Amounts owed by Metinvest group undertakings are unsecured, interest free and repayable on demand.

The directors consider that the carrying value of trade and other receivables is approximately equal to their fair value.

The average credit period granted for sales of goods and services is 60 days. Expected credit losses are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position as well as expected credit loss.

No material amounts of contract assets as defined in IFRS15 are included in the current or prior period.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. The company holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost. Details about the company's impairment policies and the calculation of the loss allowance are provided in note 2. The balances at year end relate to a number of individual customers with whom there is no recent history of default. In addition, the company has insurance in place to cover the majority of the balances. As a result, no expected credit losses were recognised in respect of trade receivables (2019: £nil).

The carrying amount of trade receivables also includes an element of receivables which are subject to factoring arrangement. The eligible trade receivables are derecognised but the company recognises certain reserves

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

15 Trade and other receivables (continued)

which reflect the amount of receivables that show the extent of the company's continuing involvement. The amounts of receivables derecognised are £16,206,301 and €9,077,655 and the amounts of reserves recognised are £1,836,855 and €1,180,095. As part of the factoring arrangement, the factoring company was assigned as loss payee on the company's credit insurance policy.

All receivables are current and are repayable on terms consistent within the industry in the various countries in which it trades. The carrying amounts of the company's trade receivables are denominated in the following currencies:

	2020 £	2019 £
Pounds	9,683,026	22,166,384
Euro	2,774,115	7,848,717
	12,457,141	30,015,101

The company does not (2019 same) hold any collateral or other credit enhancements over any of its trade receivables. The directors have not (2019 same) identified any material amounts of expected credit loss.

The other classes within trade and other receivables do not (2019 same) contain impaired assets.

Concentrations of credit risk with respect to trade receivables are limited due to the company's customer base being large and unrelated. Due to this, management believes there is no credit risk provision required.

16 Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	7,408,077	12,778,659

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

17 Trade and other payables

	2020	2019
	£	£
Trade payables	1,880,513	2,966,165
Amounts owed to group undertakings (trading balances)	33,677,764	23,304,193
Other payables	1,711,536	-
Social security and other taxes	192,268	196,381
Lease liabilities (note 23)	2,310	16,930
Accruals and deferred income	1,538,487	1,424,134
	39,002,878	27,907,803

Amounts owed to Metinvest group undertakings are unsecured, interest bearing and repayable on demand.

Other payables includes the amount owed to the factoring company as part of the factoring arrangement which is noted in note 15.

18 Borrowings

	2020	2019
	£	£
Secured loan	-	25,000,000
	-	25,000,000

The bank loan was fully repaid by 14th October 2020 and was not renewed. The loan was secured by a fixed and floating charge over the company's assets. The loan attracted an interest rate of 4.0%. The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. Movement in the secured loan are as follows:

	2020	2019
	£	£
At 1 January	25,000,000	25,000,000
Repayment of bank and institutional loans	(25,000,000)	-
At 31 December	-	25,000,000

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 – continued

19 Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Lease liabilities (note 23)	619,836	463,292
	619,836	463,292

20 Deferred tax liability

	Deferred taxation £
At 1 January 2019	435,215
Adjustment in respect of prior years	-
Credit to the statement of comprehensive income for the year	(31,629)
At 31 December 2019	403,586
Adjustment in respect of prior years	(365)
Credit to the statement of comprehensive income for the year	(5,837)
At 31 December 2020	397,384

The elements of deferred taxation are as follows:

	2020	2019
	£	£
Accelerated tax depreciation	810,022	714,925
Temporary differences trading	-	(9,093)
Losses	(412,638)	(302,246)
	397,384	403,586

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

20 Deferred tax liability (continued)

Deferred tax assets

	2020	2019
	£	£
Recoverable after 12 months	(412,638)	(311,339)

Deferred tax liabilities

	2020	2019
	£	£
Payable within 12 months	810,022	714,925

21 Ordinary shares

	Number of shares	Ordinary shares £
Authorised, called up and issued £1 ordinary shares (fully paid)		
At 1 January 2019, 31 December 2019 and 31 December 2020	2,500,000	2,500,000

22 Financial instruments by category

By category	Financial assets at amortised cost £'000
At 31 December 2020	
Financial assets at amortised cost	
Trade and other receivables	22,589
Cash and cash equivalents	7,408
	29,997

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020– continued

22 Financial instruments by category (continued)

By category	Other financial liabilities
	£'000
At 31 December 2020	
Financial liabilities at amortised cost	
Borrowings	-
Trade and other payables	39,003
	39,003

By category	Financial assets at amortised cost
	£'000
At 31 December 2019	
Financial assets at amortised cost	
Trade and other receivables	41,247
Cash and cash equivalents	12,779
	54,026

By category	Other financial liabilities
	£'000
At 31 December 2019	
Financial liabilities at amortised cost	
Borrowings	25,000
Trade and other payables	27,908
	52,908

Spartan UK Limited

Notes to the financial statements for the year ended 31 December

2020– continued

22 Financial instruments by category (continued)

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised at the amount of consideration that is unconditional. The company holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method. Details about the company's impairment policies and the calculation of the loss allowance are provided in the accounting policies section and note 15.

Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Impairment and risk exposure

Information about the impairment of trade receivables and the company's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 2.

23 Leases

The company leases vehicles and cars. Rental contracts for vehicles are typically 5 years. Car leases typically have a term of 3 years. Amounts recognized in the balance sheet are as follows:

	31 Dec 2020	31 Dec 2019
	£	£
Right of use assets		
Vehicles	548,171	429,379
Cars	47,101	32,589
	595,272	461,968

During the year additions to right-of-use assets were £313,155 (2019: £313,487). Depreciation of £156,258 (2019: £151,043) was charged on vehicles and £23,593 (2019: 24,557) on cars.

	31 Dec 2020	31 Dec 2019
	£	£
Lease liabilities		
Current (note 17)	2,310	16,930
Non Current (note 19)	619,836	463,292
	622,146	480,222

During the year, the total cash outflow in respect of leases was £206,861 (2019: £194,711) with £53,884 (2019: £32,140) of interest charged.

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020– continued

24 Commitments

Capital commitments for the purchase of property, plant and equipment, at the end of the financial year for which no provision has been made, are as follows:

	2020	2019
	£	£
Contracted	145,358	145,358

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Notes to the financial statements for the year ended 31 December 2020– continued

25 Cash generated from operations

	2020	2019
	£	£
Operating profit	578,222	1,309,560
Adjustments for:		
Amortisation	22,763	17,628
Depreciation	1,220,300	1,080,270
Changes in working capital:		
(Increase)/decrease in inventories	(10,829,844)	11,144,960
Decrease in trade and other receivables	18,898,888	11,284,761
Increase/(decrease) in trade and other payables	11,118,314	(12,017,729)
Cash generated from operations	21,008,643	12,819,450

26 Net debt

	2020	2019
	£	£
Cash in hand, at bank	7,408,077	12,778,659
Bank loan	-	(25,000,000)
	7,408,077	(12,221,341)

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 – continued

27 Related party transactions

The company is a subsidiary undertaking of Metinvest Tramestal SpA, which is the immediate parent company incorporated in Italy. The principal activity of the company is that of a steel rolling mill producing hot rolled steel plates.

The following transactions were carried out with companies wholly owned within the Metinvest Group:

	2020 £	2019 £
Purchases of raw materials -		
Entities under common control	88,664,417	88,262,187
Goods purchased for resale -		
Entities under common control	34,564,815	57,449,293
Recharges -		
Entities under common control	7,364,950	9,552,520

These transactions resulted in the following balances outstanding at the year end:

	2020 £	2019 £
Assets:		
Entities under common control	9,528,929	9,161,665
Liabilities:		
Entities under common control	33,677,764	23,304,193

Spartan UK Limited

Notes to the financial statements for the year ended 31 December 2020 - continued

28 Ultimate parent undertaking and controlling party

The ultimate parent undertaking is Metinvest BV, a company incorporated in the Netherlands.

Metinvest BV is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Metinvest BV are available from Gustav Mahlerplein 74B, 1082MA Amsterdam, The Netherlands.

Metinvest BV is beneficially owned by Mr. Rinat Akhmetov, through various entities commonly referred to as System Capital Management ("SCM"), and Mr. Vadym Novynskyi, through various entities commonly referred to as "SMART" or "Smart Group".

29 Capital management

The capital structure of the company consists of equity capital in the form of ordinary shares and retained earnings. The debt capital in the form a bank loan was repaid in full during the year. The company's objectives when managing the capital structure of the company are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The company monitors its capital risk through various ratios, as disclosed on page 20.

30 Post Balance Sheet Event Note

There were no events after the balance sheet date, other than those mentioned in the financial statements.