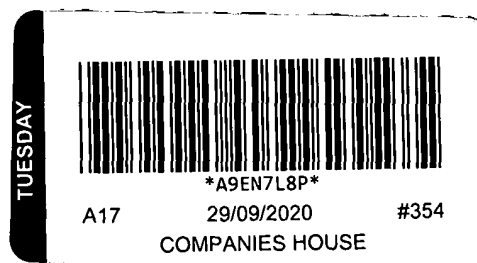


# **Ausurus Group Ltd**

Annual report and consolidated  
financial statements

Registered number 09123549

31 December 2019



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## Strategic Report

The directors present their report together with the audited financial statements of Ausurus Group Ltd ("Ausurus" and the "Company") and together with its subsidiaries, associated undertakings and joint ventures (the "Group"), for the year ended 31 December 2019.

### Principal activities

The Ausurus Group comprises the core European Metal Recycling business ("EMR"), property businesses in the UK and US ("Praedius") and a technology business ("Invenens").

EMR's principal activities relate to the recycling of high value commodities from a range of waste streams such as end-of-life vehicles, durable consumer goods, industry, construction and demolition. The Group is actively engaged in all stages of the recycling supply chain including the acquisition, collection, processing of these waste streams and distribution of recycled commodities to the Group's international customer base.

Praedius currently holds a significant number of freehold sites in the UK and USA, which are leased to EMR and other third party tenants.

Invenens acts as a vehicle for the Group's investment in recycling innovation and technology and holds the subsidiaries MBA Polymers (United Kingdom) Limited and Innovative Environmental Solutions UK Limited.

### Business overview 2019

As reported in last year's Strategic Report, markets in 2018, generally became more difficult following a number of geopolitical developments. Recycled steel prices ended the year at \$290 per tonne reducing from a high of \$371 per tonne at the start of the year (source: London Metal Exchange).

Markets in 2019 continued to be challenging. Strong iron ore prices in the first half of 2019 supported recycled steel prices, however; a sharp price drop in Q3 had a significant impact on flows and demand for recycled steel. Prices reduced to a low of \$220 per tonne during this time and then recovered to \$295 per tonne at the end of the year.

There have been a number of drivers of negative sentiment in the market; falling steel prices, the trade conflict between the US and China negatively impacting the Chinese economy and their demand for commodities, tariffs imposed by the US on Chinese products and vice versa, slow recovery of the Turkish economy (largest importer of recycled steel), Brexit uncertainty negatively impacting the UK economy and restrictions imposed by the Chinese government on the import of non-ferrous material. This all resulted in reduced material arisings and negative pressure on margins.

As anticipated initial losses were incurred in our greenfield start-up business My Autostore in Camden, New Jersey. The performance of this new activity has been improving month after month and is expected to start contributing to the result in 2020. There were also significant, one-off start-up challenges with our new, state-of-the-art shredder facility in Minnesota. This was as a result of weather-related construction and permitting delays. The net result of this was a significant part of our US business was not operational for the last four months of the year. This shredder is now fully operational and expected to make a significant contribution in 2020.

### 2019 Performance

The generally challenging market environment and one-off effects negatively impacting our US business resulted in a reduction of the underlying profitability of the Group in 2019. Operating cashflows remained solid at £98m (2018: £135m), underlying\* EBITDA was £72m (2018: £173m) and underlying operating profit was £21m (2018: £98m). Underlying loss after tax was £7m, compared to an underlying profit after tax of £73m in 2018.

Total sales for the year are £2.8bn (2018: £3.4bn) which was achieved despite the challenging market conditions. This resulted in a gross profit of £570m (2018: £684m).

Total distribution and administration costs in 2019 are £584m, 11% lower than 2018 (excluding exceptional items). The Group continues to exercise strong monitoring and control of costs whilst also continuing to invest in operational infrastructure.

The Group is exercising strong financial control with potential further geopolitical disruption in 2020. This resulted in a decrease in working capital during the year. Net debt at 31 December 2019 is £256m (2018: £258m), with comfortable net debt/EBITDA and interest cover ratios.

## Strategic Report (continued)

The Group maintains a strong balance sheet with net assets at 31 December 2019 of £574m (2018: £608m). The decrease in the current year is driven by loss for the year of £20m, the effect of US Dollar currency translation totalling £15m and a £1m dividend paid to shareholders

The Group uses a number of key financial performance indicators in assessing and driving performance, as shown below:

	2019	2018
<b>Turnover (£m)</b>	<b>2,776</b>	<b>3,369</b>
<b>Gross margin</b>	<b>20.5%</b>	<b>20.3%</b>
<b>Underlying EBITDA (£m)</b>	<b>72</b>	<b>173</b>
Share of JV and deconsolidated subsidiary EBITDA (£m)	(2)	(24)
Depreciation (£m)	(49)	(51)
<b>Underlying operating profit (£m)</b>	<b>21</b>	<b>98</b>
Goodwill amortisation (£m)	(13)	(12)
Exceptional items (£m)	-	(17)
<b>Operating Profit (£m)</b>	<b>8</b>	<b>69</b>
<b>Underlying (loss)/profit after tax (£m)</b>	<b>(7)</b>	<b>73</b>
Goodwill amortisation (£m)	(13)	(12)
Exceptional items, net of tax (£m)	-	(2)
Statutory (loss)/profit after tax for the financial year (£m)	(20)	59
<b>Statutory net assets (£m)</b>	<b>574</b>	<b>608</b>

\* Underlying earnings measures are before the impact of exceptional items and goodwill amortisation.

The Group continues to invest for the future. Total capital expenditure on tangible fixed assets in the year was £160m (2018: £63m).

A core part of the Group's strategy in the USA is the further development of the Mid-Atlantic business. In September 2015, the Board received confirmation that its application under the New Jersey Economic Opportunity Act 2013 had been successful and the Group was awarded tax credits for defined investment projects which needed to be completed by June 2019. In Q2 2019 the company submitted a claim of around \$132m for tax credits on eligible investments made under this scheme. The New Jersey authorities have reviewed the claim and issued the final award. These tax benefits can effectively be treated as cash as they are transferrable in the open market at a small discount to their face value. They will be received, in equal annual instalments, over a 10-year period from 2019. With the exception of the 2019 instalment, these tax credits are not included in the accounts. As a result of this initiative the Group has been able to make significant investments into Camden. We have taken new, industry leading recycling concepts and created new businesses focussed on giving skills training and good jobs to about 440 people in a city of significant economic deprivation.

With a number of ongoing strategic initiatives underway, the Board are confident that the right long-term decisions have and will continue to be made and are optimistic for the future. The Group recognises that its success is only possible because of the commitment and diligence of its exceptional and dedicated workforce and the Board would like to thank them for their contribution.

## Looking Forward to 2020

At the end of 2019 there were several positive geopolitical and economic developments such as the US-China Phase 1 trade Treaty, the decision by China to cancel import restrictions from mid-2020 for various non-ferrous materials, a clearer strategy in relation to Brexit and an improvement of the Turkish economy.

However, the market outlook is negatively impacted by the global COVID 19 virus outbreak which has created uncertainty and unprecedented disruption in the global economy. Whilst management are generally optimistic for the future, they continue to remain vigilant as the global economic situation remains very uncertain.

## Strategic Report (continued)

The main macroeconomic risks for 2020 result from:

- COVID 19
- Deterioration of the Global trading environment - slow down of the Chinese and World economy resulting in less demand for commodities/less liquidity in the sales markets.
- Individual countries taking further protectionist measures that negatively impact free commodity trading, disrupting liquidity in the sales markets and putting downward pressure on commodity prices.
- The impact of the UK economy of Brexit.
- Deterioration of the Turkish economy and weakness of the Turkish Lira negatively impacting ferrous liquidity/sales to the Turkish mills.
- New Chinese waste disposal legislation/regulations negatively impacting the export of non-ferrous products to China.
- Changing legislation/regulations regarding the disposal of waste material.

Management continues to consider the impact of Brexit on the Group going forward, as described below.

- *Weakness of the pound.* With operations and revenues in the UK, the USA and Continental Europe, the Group has something of a natural hedge to the foreign exchange movements already experienced and anticipated in the future.
- *A weakening of the UK economy.* The Group expect that this could have an impact on UK scrap arising as a result of manufacturing, consumer and construction activity falling.
- *Trade barriers and tariffs.* Revenues are determined by the movement of commodity raw materials, internationally traded in US dollars. Accordingly, the Group sees limited impact of any such measures on sales. However, it is conceivable that purchases of recycled materials from the automotive and other industrial sectors could be affected.
- *Legislation.* The UK business is largely regulated under EU environmental legislation. The broad consensus of opinion is that environmental/waste laws under which we operate are positive. The Group therefore expects no meaningful change on this front in the short to medium term.
- *Ripples in the global economy.* Global demand for recycled commodities is ultimately driven by the health of the global economy, in particular emerging markets. The Group believes that, although there could be some effect from the Brexit decision, China is the overwhelming driver of the economics for the sale of hard commodities.

### Principal risks and uncertainties

The directors have set out below the principal risks facing the business. The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

- *COVID 19.* All businesses are facing an unprecedented challenge with the global economic impact of the COVID-19 virus. At the time of writing this, globally governments have categorised the services we provide to society as 'essential'. Although we are not front-line, the waste and recycling sector support many organisations which are. Governments have also provided various furlough schemes that mitigate the economic risk of retaining employees while protecting the cash-flows of the business. The business has considerable flexibility in managing its operating cash flows. This is largely driven by the following factors; 1) working capital will reduce significantly as volumes and revenues fall resulting in significant cash in-flow; 2) approximately 70% of our costs are the cost of raw materials and so variable in nature; 3) the majority of our fixed assets - sites, plant and equipment are owned outright; 4) government furlough schemes allow the human resources of the business to expand and contract to match the available volumes; 5) the majority of our other costs are variable in nature such as fuel, electricity, maintenance and consumables. Accordingly, the business is confident it can temporarily downsize or hibernate the necessary components of the business to see out this period of uncertainty.
- *Macroeconomic conditions.* The business has exposure to both scrap metal prices and volumes, both of which are inherently linked to the global economic environment. Consequently, changes in the levels of consumer and industrial activity will have a direct impact on the supply of, and demand for, recycled metal and therefore the level of activity

## Strategic Report (continued)

and results achieved by the Group. In response to this risk, senior management aim to keep abreast of economic conditions and modify strategies accordingly.

- *Competition.* The market in which the Group operates is competitive resulting in margin pressures. Policies of constant price monitoring and ongoing market analysis are in place to mitigate such risks.
- *Reputational risk from operational incidents.* The Group's success is dependent on conducting its business safely and in accordance with applicable regulatory requirements. An adverse operational incident could potentially damage the Group commercially. The Group places emphasis on the health and safety of its operations which are constantly monitored by the Board. Policies and processes are in place to ensure our operations remain safe and compliant.
- *Recruitment and retention of key staff.* Our success is dependent on recruiting and retaining the right people in all areas of our business. The failure to attract and retain personnel of the right calibre could have an adverse impact on the business. Succession and talent development is regularly discussed at Board level. The Group has a strategy in place to attract, retain and motivate key individuals to ensure their commitment to the ongoing success of the business.

## Financial risk management objectives and policies

The Group uses financial instruments, such as loans, loan notes, cash, equity investments and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. In order to manage the Group's exposure to those risks, in particular the Group's exposure to currency risk and metal price risk, the Group enters into forward foreign currency contracts and London Metal Exchange ("LME") contracts.

- *Currency risk.* The Group is exposed to translational and transactional foreign currency risk. A substantial part of the Group's sales are denominated in currencies other than Sterling. Accordingly, transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts (note 25). The Group does not hedge Euro sales made by its European business or US Dollar sales by its US business.
- *Metal price risk.* The Group is exposed to the movement in scrap metal prices. Where appropriate, LME contracts (note 26) are used to hedge any metal price exposure inherent in physical metal contracts.
- *Credit risk.* The Group seeks to manage the risk of customers defaulting through the use of stringent customer acceptance thresholds and credit limits. In addition, the Group, where appropriate, uses payment in advance, letters of credit and credit insurance.
- *Interest rate risk.* The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash which earns interest at a floating rate. The interest bearing borrowings of the Group are detailed in note 19 to the financial statements and provide a mix of floating and fixed rate debt instruments.
- *Going concern and liquidity risk.* The Group and Company seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably. Short term flexibility is achieved via overdraft and bank revolver facilities. Details of the Group's borrowings and available facilities can be found in note 18 of these financial statements.

The financial statements have been prepared on a going concern basis. The directors' assessment of the Group and Company as a going concern is disclosed within the principal accounting policies.

## Strategic Report (continued)

### Directors Duties

The Directors of the Company, as those of all UK companies must act in accordance with a set of general duties. These duties are detailed in the UK's Companies Act (section 172(1)) and include a duty to promote the success of the Company for the benefit of its members as a whole. The following paragraphs summarise how the Directors fulfil their duties.

The Directors will relentlessly pursue our Purpose, reinforce our Mission and inspire the 'EMR Way'.

- Our aim is to be a global leader in the provision of sustainable materials
- In pursuit of this we will work hard to service our customers with dependable, real-world recycling solutions
- The 'EMR Way' is a 'care' and 'do' culture:
  - We care about our people
  - We care about our customers
  - We care about our workplace and equipment
  - We care about our communities
  - We do what we agreed
  - We do solutions not problems
  - We do the right long-term decision
  - We do the right tools for the job
  - We do without wasting time or money
  - We do better than the time before
  - We do all this with humour and humility

Our success is measured by:

- How engaged our people are
- How satisfied our customers are
- How sustainable our products and services are
- The respect others have for the way we do business
- Continued sustainable and profitable growth

In support of these objectives the following principles have been incorporated into a code of conduct. The Directors will work to maintain a culture where these principles are upheld.

- We keep people safe and healthy
- We are environmentally and socially responsible
- We treat people with respect and dignity
- We are do business with integrity
- We protect the company's interests and reputation

### Corporate Governance

The Company has adopted the Wates Principles as clear, progressive structure for the governance of private companies. As a family business we have always strived to blend the professionalism of the PLC with the strong colleague-centric culture and long-term outlook of the private family approach, the Wates Principles are a good yardstick to measure ourselves against from time to time.

After a detailed review of both the Wates Principles, EMR's existing governance model, the Board concluded that EMR generally is compliant with the Principles. There will be ongoing continuous improvement on several fronts. In particular, Board Composition, where it was concluded that evolution was preferable to ensure that the right people with the right skills, experience, values and diversity could be found to continue the strong culture.

By order of the board



Christopher Sheppard  
Director

Sirius House  
Delta Crescent  
Westbrook  
Warrington  
WA5 7NS  
23 June 2020

## Directors' report

### Dividend

Dividends paid during the financial year totalled £1m (2018: £2m).

### Directors

The directors who served throughout the year and up to the date of this report (unless otherwise stated) are set out below:

Christopher Sheppard	Group Chief Executive Officer
Edwin Leijnse	Group Chief Financial Officer
Robin Sheppard	
Edward Pysden	Non-Executive Director
David Landless	Non-Executive Director

During the financial year, a qualifying third party indemnity provision for the benefit of all of the directors and other senior management was in force.

### Employees

The necessity for, and importance of, good communication with all employees is recognised and practised by the Group. It is the policy of the Group to maintain the employment of disabled persons wherever practicable and to ensure appropriate opportunities exist for their training, career development and promotion. The Group operates bonus schemes to provide employee incentive payments.

### Disclosure of information to auditor

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

### Auditor

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

By order of the board



Christopher Sheppard  
Director

Sirius House  
Delta Crescent  
Westbrook  
Warrington  
WA5 7NS  
23 June 2020



## **Statement of directors' responsibilities in respect of the annual report and the financial statements**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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



## **Independent auditor's report to the members of Ausurus Group Ltd**

### **Opinion**

We have audited the financial statements of Ausurus Group Ltd ("the company") for the year ended 31 December 2019 which comprise the Consolidated profit and loss account and other comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or



## **Independent auditor's report to the members of Ausurus Group Ltd (*continued*)**

- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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

**Stuart Burdass (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*, 1 St Peter's Square, Manchester, M2 3AE  
23 June 2020

**Consolidated Profit and Loss Account and Other Comprehensive Income**  
for year ended 31 December 2019

	Note	2019 £m	2018 £m
Turnover	2	2,776	3,369
Cost of sales		(2,206)	(2,685)
<b>Gross profit</b>		<b>570</b>	<b>684</b>
Distribution costs		(197)	(218)
Administrative expenses (including exceptional items)		(386)	(452)
Other operating income	3	21	55
<b>Operating profit before exceptional items and goodwill amortisation</b>		<b>21</b>	<b>98</b>
Goodwill amortisation	10	(13)	(12)
Exceptional items	4	-	(17)
<b>Operating profit</b>	4	<b>8</b>	<b>69</b>
Group's share of (loss)/profit in			
Joint ventures	13	(18)	4
Other interest receivable and similar income	7	14	16
Interest payable and similar charges	8	(13)	(18)
<b>(Loss)/Profit before taxation</b>		<b>(9)</b>	<b>71</b>
Tax on (loss)/profit	9	(11)	(12)
<b>(Loss)/profit after tax before exceptional items and goodwill amortisation</b>		<b>(7)</b>	<b>73</b>
Goodwill amortisation	10	(13)	(12)
Exceptional items, net of tax	4	-	(2)
<b>(Loss)/profit for the financial year</b>		<b>(20)</b>	<b>59</b>
<b>Other comprehensive income</b>			
Foreign exchange differences on translation of foreign operations		(15)	23
Remeasurement of net defined benefit liability		1	(1)
<b>Other comprehensive income for the year, net of income tax</b>		<b>(14)</b>	<b>22</b>
<b>Total comprehensive (loss)/profit for the year</b>		<b>(34)</b>	<b>81</b>

The notes on pages 18 to 50 form part of the financial statements.

**Consolidated Balance Sheet**  
at 31 December 2019

	Note	2019 £m	2018 £m
<b>Fixed assets</b>			
Intangible assets - goodwill	10	32	35
Tangible assets	11	448	353
Investment properties	12	9	26
Investments			
Investments in joint ventures	13	(70)	(55)
		<b>419</b>	<b>359</b>
<b>Current assets</b>			
Investments in unlisted equity instruments	13	-	35
Stocks	14	234	230
Debtors (including £16m (2018: £21m) due after more than one year)	15	452	564
Cash at bank and in hand	16	29	38
		<b>715</b>	<b>867</b>
<b>Creditors: amounts falling due within one year</b>	17	<b>(278)</b>	<b>(312)</b>
<b>Net current assets</b>		<b>437</b>	<b>555</b>
<b>Total assets less current liabilities</b>		<b>856</b>	<b>914</b>
<b>Creditors: amounts falling due after more than one year</b>	18	<b>(265)</b>	<b>(286)</b>
<b>Provisions for liabilities</b>			
Other provisions	22	(17)	(19)
Pensions and similar obligations	23	-	(1)
		<b>(282)</b>	<b>(306)</b>
<b>Net assets</b>		<b>574</b>	<b>608</b>
<b>Capital and reserves</b>			
Called up share capital	25	-	-
Merger reserve		8	8
Other reserves		4	3
Profit and loss account		562	597
<b>Shareholders' funds</b>		<b>574</b>	<b>608</b>

These financial statements were approved by the board of directors on 23 June 2020 and were signed on its behalf by:



**Christopher Sheppard**

Director

Company registered number: 09123549

The notes on pages 18 to 50 form part of the financial statements.

**Company Balance Sheet**  
**at 31 December 2019**

	Note	2019 £m	£m	2018 £m	£m
<b>Fixed assets</b>					
Tangible assets	11	3		-	
Investments	13	29		29	
			<u>32</u>		<u>29</u>
<b>Current assets</b>					
Debtors (including £nil (2018: £14m) due after more than one year)	15	22		28	
		<u>22</u>		<u>28</u>	
<b>Creditors: amounts falling due within one year</b>	17	-		-	
<b>Net current assets</b>			<u>22</u>		<u>28</u>
<b>Total assets less current liabilities</b>			<u>54</u>		<u>57</u>
<b>Creditors: amounts falling due after more than one year</b>	18		(45)		(47)
<b>Net assets</b>			<u>9</u>		<u>10</u>
<b>Capital and reserves</b>					
Called up share capital	25		-		-
Profit and loss account			9		10
<b>Shareholders' funds</b>			<u>9</u>		<u>10</u>

These financial statements were approved by the board of directors on 23 June 2020 and were signed on its behalf by:



**Christopher Sheppard**  
Director

Company registered number: 09123549

The notes on pages 18 to 50 form part of the financial statements.

## Consolidated Statement of Changes in Equity

	Called up share capital £m	Merger reserve £m	Revaluation reserve £m	Hedging reserve £m	Profit & loss account £m	Total shareholders' equity £m
Balance at 1 January 2018	-	8	2	3	518	531
Total comprehensive loss for the year	-	-	-	-	-	-
Profit for the year	-	-	-	-	59	59
Other comprehensive income (see note 25)	-	-	-	-	22	22
Total comprehensive loss for the year	-	-	-	-	81	81
Hedging loss	-	-	-	(2)	-	(2)
Transactions with owners, recorded directly in equity						
Dividends paid	-	-	-	-	(2)	(2)
Total contributions by and distributions to owners	-	-	-	-	(2)	(2)
Balance at 31 December 2018	-	8	2	1	597	608

The notes on pages 18 to 50 form part of the financial statements.

**Consolidated Statement of Changes in Equity (continued)**

	Called up share capital £m	Merger reserve £m	Revaluation reserve £m	Hedging reserve £m	Profit And loss account £m	Total shareholders' equity £m
Balance at 1 January 2019	-	8	2	1	597	608
<b>Total comprehensive loss for the year</b>						
Loss for the year	-	-	-	-	(20)	(20)
Other comprehensive loss (see note 25)	-	-	-	-	(14)	(14)
<b>Total comprehensive loss for the year</b>	-	-	-	-	(34)	(34)
<b>Hedging profit</b>	-	-	-	1	-	1
<b>Transactions with owners, recorded directly in equity</b>						
Dividends paid	-	-	-	-	(1)	(1)
<b>Total contributions by and distributions to owners</b>	-	-	-	-	(1)	(1)
<b>Balance at 31 December 2019</b>	-	8	2	2	562	574

The notes on pages 18 to 50 form part of the financial statements.



## Company Statement of Changes in Equity

	Called up share capital £m	Profit and loss account £m	Total equity £m
Balance at 1 January 2018	-	8	8
<b>Total comprehensive profit for the year</b>			
Profit for the year	-	4	4
Other comprehensive income (see note 25)	-	-	-
<b>Total comprehensive profit for the year</b>	-	4	4
Dividend paid	-	(2)	(2)
<b>Balance at 31 December 2018</b>	-	10	10

The notes on pages 18 to 50 form part of the financial statements.

## Company Statement of Changes in Equity

	Called up share capital £m	Profit and loss account £m	Total equity £m
Balance at 1 January 2019	-	10	10
<b>Total comprehensive profit for the year</b>	-	-	-
Profit for the year	-	-	-
Other comprehensive income (see note 25)	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-
Dividends paid	-	(1)	(1)
<b>Balance at 31 December 2019</b>	-	9	9

The notes on pages 18 to 50 form part of the financial statements.

**Consolidated Cash Flow Statement**  
*for year ended 31 December 2019*

	Note	2019 £m	2018 £m
<b>Cash flows from operating activities</b>			
(Loss)/Profit for the year		(20)	59
Adjustments for:			
Exceptional items	4	-	17
Depreciation, amortisation and impairment		62	63
Change in value of investment property		(3)	-
Foreign exchange differences		9	(6)
Interest receivable and similar income		(14)	(18)
Interest payable and similar charges		13	16
Gain on sale of tangible fixed assets		(3)	(5)
Losses/(Gains) from joint ventures and associates		18	(4)
Taxation		11	12
		<hr/>	<hr/>
Decrease/(Increase) in trade and other debtors		113	(17)
(Increase)/Decrease in stocks		(4)	9
(Decrease)/Increase in trade and other creditors		(54)	30
(Decrease)/Increase in provisions and employee benefits		(2)	-
		<hr/>	<hr/>
Defined benefit contributions paid		-	-
Dividends paid		(1)	(2)
Interest paid		(13)	(13)
Tax paid		(14)	(6)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>98</b>	<b>135</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		27	13
Interest received		14	15
Disposal of investments	30	20	-
Acquisition of tangible fixed assets	11	(160)	(63)
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>(99)</b>	<b>(35)</b>
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from new loans	19	-	5
Repayment of borrowings	19	(8)	(94)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>(8)</b>	<b>(89)</b>
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(9)	11
Cash and cash equivalents at 1 January		38	27
Foreign exchange differences		-	-
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 December</b>	16	<b>29</b>	<b>38</b>
		<hr/>	<hr/>

The notes on pages 18 to 50 form part of the financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Ausurus Group Ltd (the “Company”) was incorporated on 9 July 2014. It is a company limited by shares and is incorporated and domiciled in the UK.

On 7 November 2014, Ausurus Group Limited became the immediate parent company of European Metal Recycling Limited (“EMR”) following a group reconstruction in which the Company acquired the entire share capital of EMR. The ultimate shareholders and their relative rights were unaffected by this transfer. As this is a Group reorganisation, merger accounting was applied.

These Group and parent company financial statements have been prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”). The presentational currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest one million pounds.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been and will continue to be applied:

- no separate parent company cash flow statement with related notes is included;
- key management personnel compensation has not been included a second time; and
- no financial instrument disclosures are included as the information is included in the consolidated disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 31.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis, except for derivative financial instruments and financial instruments classified at fair value through the profit or loss which are stated at their fair value.

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors believe is appropriate for the following reasons. The Group’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 5 of the financial statements. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the Strategic Report of the financial statements. The Group has considerable financial resources together with long term relationships with a number of customers and suppliers across different geographical areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

At the year end date, the Group had an agreement for a UK/EU £260m multi-currency revolving credit facility. This facility was secured on the assets of certain UK and European group businesses and was committed through to 27 March 2021. At the end of 2019 the Group was in advanced stages of splitting this facility into separate UK and EU facilities. An EU-only asset based lending facility, with an expiry date of September 2021 (with two one-year extension options) was agreed on 4 March 2020. A UK-only revolving credit facility of £175m was agreed on 23 April 2020. This is committed through to April 2023 with two one-year extension options. The Group’s forecasts and projections, taking account of reasonably possible downside scenarios as well as stress testing a number of sensitivities for the impact of COVID-19, show that the Group will be able to operate within the levels of its agreed facilities and covenant requirements for a period of at least 12 months from the date of approval of the financial statements.

Consequently, the directors have prepared the financial statements on a going concern basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2019.

A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investor holds between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

In the parent company financial statements, investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

#### 1.4 Foreign currency

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 Classification of financial instruments issued by the Group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

#### 1.6 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### 1.7 Other financial instruments

##### *Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of basic financial instruments are recognised initially at fair value. Subsequent to initial recognition, other financial instruments are measured at fair value with changes recognised in profit or loss, except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Other financial instruments (continued)

##### *Derivative financial instruments and hedging*

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

##### *Cash flow hedges*

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in other comprehensive income ("OCI") is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in profit or loss the hedging gain or loss is reclassified to profit or loss. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

##### *Net investment hedges*

Where the hedged item is the translation risk for the net assets of overseas subsidiaries in the consolidated financial statements, the Group may designate borrowings in the same currency as that overseas subsidiary's functional currency as a hedging instrument. In that case, the effective portion of the hedge is recognised in other comprehensive income, and only the ineffective portion of the hedging item's translation value is recorded in profit or loss.

Cumulative exchange differences recognised in OCI relating to a hedge of a net investment in a foreign operation shall not be reclassified to profit or loss on disposal or partial disposal of that foreign operation.

#### 1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Group assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Tangible fixed assets (continued)

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Freehold and is not depreciated. The estimated useful lives are as follows:

Freehold and long leasehold land and buildings	25 - 50 years or over the term of the lease
Short leasehold land and buildings	Period of lease
Plant and machinery	3 - 20 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits.

#### 1.9 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

#### 1.10 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

#### 1.11 Intangible assets, goodwill and negative goodwill

##### Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.



## Notes (continued)

### 1 Accounting policies (continued)

#### 1.11 Intangible assets, goodwill and negative goodwill (continued)

##### *Negative goodwill*

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any amount exceeding the fair value of non-monetary assets acquired shall be recognised in the profit or loss account in the periods expected to benefit.

##### *Other intangible assets*

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less accumulated impairment losses. The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

##### *Amortisation*

Goodwill is amortised on a straight line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 10 years. The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment when there is an indication that goodwill or an intangible asset may be impaired.

#### 1.12 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

#### 1.13 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

#### 1.14 Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.14 Impairment excluding stocks and deferred tax assets (continued)

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.15 Employee benefits

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/(asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability/asset, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss. Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

##### *Termination benefits*

Termination benefits are recognised as an expense when the entity is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.16 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### 1.17 Turnover

Turnover is measured at the fair value of consideration receivable by the Group for goods supplied and a service produced, excluding VAT and trade discounts, and is recognised on despatch of goods over the weighbridge or on departure of vessels from ports for bulk shipments. Adjustments relating to price and weight differences are accrued against turnover as identified.

#### 1.18 Exceptional items

The Group's consolidated profit and loss account identifies exceptional items. Such items are those that in the opinion of the directors are one-off in nature or non-operating and need to be disclosed as a result of their size or nature. Such items may include, but are not limited to, impairment provisions, restructuring costs, acquisition-related costs and income from legal settlements. In determining whether an item should be disclosed in this way, the directors consider quantitative and qualitative factors such as frequency, predictability of occurrence and significance. This is consistent with the way financial performance is measured by management and reported to the Board. Disclosing exceptional items separately provides additional understanding of the underlying performance of the Group.

#### 1.19 Expenses

##### *Operating leases*

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

##### *Finance leases*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy in 1.4 above).

Other interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

**Notes (continued)**

**1 Accounting policies (continued)**

**1.20 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, branches, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are prudently not recognised to the extent there is uncertainty they will be recovered against the reversal of deferred tax liabilities or other future taxable profits in the near future.

## Notes (continued)

### 2 Turnover

The turnover is attributable to the purchasing, processing and sale of ferrous and non-ferrous scrap metal and associated activities. The analysis of turnover by geographical market required by the Companies Act 2006 has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the Group.

### 3 Other operating income

	2019 £m	2018 £m
Net gain on disposal of tangible fixed assets	3	5
Exceptional items	-	48
Other operating income	18	2
	<u>21</u>	<u>55</u>

### 4 Expenses and auditor's remuneration

Included in the profit and loss account are the following:

	2019 £m	2018 £m
Exceptional items (see below)	-	17
Depreciation and other amounts written off tangible fixed assets - group	49	51
Depreciation and other amounts written off tangible fixed assets – joint ventures and associated undertakings	13	12
Amortisation of goodwill – subsidiaries	13	12
Hire of plant and machinery – operating leases	10	10
Hire of other assets – operating leases	7	21
	<u>-</u>	<u>17</u>

Exceptional items included in administrative expenses:

	2019 £m	2018 £m
Impairment of tangible fixed assets	-	44
Write off relating to transactions	-	4
Impairment of fixed asset investments – unlisted equity instruments	-	17
Income received from third parties in relation to claims	-	(26)
Revaluation of investment properties	-	(22)
	<u>-</u>	<u>17</u>

Auditor's remuneration:

	2019 £000	2018 £000
Audit of these financial statements	10	10
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	735	707
Other services	303	138
	<u>1038</u>	<u>845</u>

## Notes (continued)

### 5 Staff numbers and costs

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

	2019 No.	2018 No.
United Kingdom	1,873	1,772
Europe	183	182
USA	1,388	1,330
Other	5	4
	<u>3,449</u>	<u>3,288</u>

The aggregate payroll costs in respect of these persons:

	2019 £m	2018 £m
Wages and salaries	145	148
Social security costs	21	20
Other pension costs	5	4
	<u>171</u>	<u>172</u>

Pension costs are amounts charged to operating profit and do not include amounts charged/credited to net interest (see notes 7 and 8) and amounts recognised in other comprehensive income.

### 6 Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	1,982	1,908
Amounts receivable under long term incentive schemes	399	1,442
Company contributions to money purchase pension schemes	21	21
	<u>2,402</u>	<u>3,371</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £1,082,000 (2018: £1,568,000).

Retirement benefits accrued to two directors (2018: two) under a money purchase scheme during the year.

### 7 Other interest receivable and similar income

	2019 £m	2018 £m
Interest receivable on financial assets at amortised cost	3	5
Net interest income on defined benefit pension plan assets	-	1
Interest receivable from associates and joint ventures	11	10
	<u>14</u>	<u>16</u>

## Notes (continued)

### 8 Interest payable and similar charges

	2019 £m	2018 £m
Interest payable on financial liabilities at amortised cost	11	16
Net interest expense on defined benefit pension liabilities	-	1
Other interest and charges	2	1
	<hr/>	<hr/>
Total interest payable and similar charges	13	18
	<hr/>	<hr/>

### 9 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity:

	£m	2019 £m	£m	2018 £m
<i>Current tax</i>				
Current tax on income for the period	4		8	
Adjustments in respect of prior periods	8		6	
	<hr/>		<hr/>	
Total current tax expense		12		14
		<hr/>		<hr/>
<i>Deferred tax (see note 21)</i>				
Origination and reversal of timing differences	(1)		(2)	
	<hr/>		<hr/>	
Total deferred tax credit		(1)		(2)
		<hr/>		<hr/>
Total tax expense		11		12
		<hr/>		<hr/>

	Current tax £m	Deferred tax £m	2019 Total tax £m	Current tax £m	Deferred tax £m	2018 Total tax £m
Recognised in the profit and loss account	12	(1)	11	14	(2)	12
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax charge/(credit)	12	(1)	11	14	(2)	12
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Analysis of current tax recognised in profit and loss:

	2019 £m	2018 £m
UK corporation tax	12	12
	<hr/>	<hr/>

## Notes (continued)

### 9 Taxation (continued)

Reconciliation of effective tax rate:

	2019 £m	2018 £m
(Loss)/profit for the year	(20)	59
Total tax expense	11	12
	<hr/>	<hr/>
(Loss)/profit before taxation	(9)	71
Tax using the UK corporation tax rate of 19% (2018: 19%)	(2)	13
Effect of tax rates in foreign jurisdictions	(2)	2
Non-deductible expenses	7	6
Other timing differences on which deferred tax is not recognised	5	(14)
Under provided in prior years	3	5
	<hr/>	<hr/>
Total tax expense included in profit or loss	11	12
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 20% to 19% (effective 1 April 2019) and further phased reductions to 17% (effective 1 April 2020) have been substantively enacted. The deferred tax asset at 31 December 2019 has been calculated based on these rates.

### 10 Intangible fixed assets – goodwill

Group

	£m
<b>Cost</b>	
Balance at 1 January 2019	372
Additions (see note 30)	11
Effect of movements in foreign exchange	(8)
	<hr/>
Balance at 31 December 2019	375
	<hr/>
<b>Amortisation and impairment</b>	
Balance at 1 January 2019	337
Amortisation for the year	13
Effect of movements in foreign exchange	(7)
	<hr/>
Balance at 31 December 2019	343
	<hr/>
<b>Net book value</b>	
At 1 January 2019	35
	<hr/>
At 31 December 2019	32
	<hr/>

Amortisation is recognised within administrative expenses in the profit and loss account.



**Notes (continued)**

**11 Tangible fixed assets**

Group	Freehold land and buildings £m	Long leasehold land and buildings £m	Short leasehold land and buildings £m	Plant and machinery £m	Total £m
<b>Cost</b>					
Balance at 1 January 2019	222	30	2	637	891
Additions	86	-	-	70	156
Acquisitions (see note 30)	4	-	-	-	4
Disposals	(3)	-	-	(85)	(88)
Effect of movements in foreign exchange	(6)	(1)	-	(11)	(18)
Balance at 31 December 2019	303	29	2	611	945
<b>Depreciation and impairment</b>					
Balance at 1 January 2019	60	8	2	468	538
Depreciation charge for the year	9	-	-	40	49
Disposals	(2)	-	-	(80)	(82)
Effect of movements in foreign exchange	(1)	-	-	(7)	(8)
Balance at 31 December 2019	66	8	2	421	497
<b>Net book value</b>					
At 1 January 2019	162	22	-	169	353
At 31 December 2019	237	21	-	190	448

The Group's freehold property includes land of £76m (2018: £79m) which is not depreciated. Plant and machinery includes assets in the course of construction amounting to £87m (2018: £45m), which is not depreciated. All other assets are depreciated. At 31 December 2019, the net carrying amount of plant and machinery leased under finance leases was £14m (2018: £14m).

Company	Plant and machinery £m	Total £m
<b>Cost</b>		
Balance at 1 January 2019	-	-
Additions	1	1
Transfers from group companies	2	2
Balance at 31 December 2019	3	3
<b>Depreciation and impairment</b>		
Balance at 1 January 2019	-	-
Depreciation charge for the year	-	-
Balance at 31 December 2019	-	-
<b>Net book value</b>		
At 1 January 2019	-	-
At 31 December 2019	3	3

**Notes (continued)**

**12 Investment Properties**

	2019 £m
Balance at 1 January 2019	26
Disposals	(20)
Revaluation	3
	<hr/>
Balance at 31 December 2019	9
	<hr/>

In the year ended December 2019 the Group completed the sale of one of the sites for the total consideration of £20m. The investment property fair value adjustment of £3m is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued. The directors value the portfolio internally every year with a third party valuation undertaken every two years. The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. The range of yields applied is 7.1% - 9.3%.

**Notes (continued)**

**13 Fixed asset investments**

**Group**

	Short term unlisted equity instruments £m	Interests in associated undertakings £m	Interests in joint ventures £m	Total £m
<b>Cost</b>				
At beginning of year	56	22	119	197
Effects of movements in foreign exchange	-	-	(4)	(4)
Disposal of subsidiaries (see note 30)	(56)	-	-	(56)
At end of year	-	22	115	137
<b>Share of post-acquisition reserves</b>				
At beginning of year	-	14	(145)	(131)
Retained profits less losses	-	-	(18)	(18)
Effects of movements in foreign exchange	-	-	7	7
At end of year	-	14	(156)	(142)
<b>Provisions for impairment</b>				
At beginning of year	(21)	(36)	(29)	(86)
Disposals	21	-	-	21
At end of year	-	(36)	(29)	(65)
<b>Net book value</b>				
At 1 January 2019	35	-	(55)	(20)
At 31 December 2019	-	-	(70)	(70)

**Company**

	Shares in group undertakings £m
<b>Cost and net book value</b>	
At 1 January and 31 December 2019	29

The undertakings in which the Group and Company held an interest at the year end are detailed in note 32.

## Notes (continued)

### 14 Stocks

#### Group

	2019 £m	2018 £m
Raw materials	231	227
Consumables	3	3
	<u>234</u>	<u>230</u>

The Company had £nil stocks at 31 December 2019 (2018: £nil).

### 15 Debtors

	Group 2019 £m	Group 2018 £m	Company 2019 £m	Company 2018 £m
Trade Debtors	160	270	-	-
Amounts owed by group undertakings	-	-	21	28
Amounts owed by group undertakings in which the entity has a participating interest	207	208	-	-
Other debtors	47	48	1	-
Deferred tax assets (see note 21)	12	12	-	-
Other financial assets (see note 20)	2	2	-	-
Prepayments and accrued income	24	24	-	-
	<u>452</u>	<u>564</u>	<u>22</u>	<u>28</u>
Due within one year	436	543	22	14
Due after more than one year:				
Amounts owed by group undertakings in which the entity has a participating interest	10	10	-	14
Other debtors	6	11	-	-
	<u>452</u>	<u>564</u>	<u>22</u>	<u>28</u>

### 16 Cash and cash equivalents

	2019 £m	2018 £m
Cash at bank and in hand per the consolidated balance sheet	29	38

**Notes (continued)**

**17 Creditors: amounts falling due within one year**

	Group 2019 £m	Group 2018 £m	Company 2019 £m	Company 2018 £m
Bank loans and overdrafts (see note 19)	19	7	-	-
Trade creditors	167	183	-	-
Amounts owed to group undertakings	-	-	-	-
Taxation and social security	8	14	-	-
Accruals and deferred income	79	104	-	-
Other financial liabilities (see note 20)	2	-	-	-
Finance leases	3	4	-	-
	<u>278</u>	<u>312</u>	<u>-</u>	<u>-</u>

**18 Creditors: amounts falling after more than one year**

	Group 2019 £m	Group 2018 £m	Company 2019 £m	Company 2018 £m
Amounts owed to group undertakings	-	-	44	46
Shares classified as debt (see note 25)	1	1	1	1
Bank loans and overdrafts (see note 19)	252	275	-	-
Accruals and deferred income	1	-	-	-
Finance leases	11	10	-	-
	<u>265</u>	<u>286</u>	<u>45</u>	<u>47</u>

The directors have reviewed the share capital and have determined that the following shares should be classified as financial liabilities:

	2019 Number	2019 £m	2018 Number	2018 £m
<b>Allotted, called up and fully paid</b>				
"B" Ordinary shares of 1p each	<u>42,600</u>	<u>-</u>	<u>42,600</u>	<u>-</u>

The "B" Ordinary shares represent a compound financial instrument, of which the liability component's value is £2m (2018: £2m).

The "B" Ordinary shares are redeemable at the option of the shareholder and attract a minimum redemption price of £4.74 per share. The consideration payable on the redemption of the "B" Ordinary shares is due within 12 months of redemption notice being given.

## Notes (continued)

### 19 Interest-bearing loans and borrowings

The contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost, are set out below:

	Group 2019 £m	Group 2018 £m	Company 2019 £m	Company 2018 £m
<b>Creditors falling due within less than one year</b>				
Secured loans and loan notes	19	7	-	-
<b>Creditors falling due more than one year</b>				
Bank borrowings and overdrafts	185	191	-	-
Secured loans and loan notes	67	84	-	-
	<u>252</u>	<u>275</u>	<u>-</u>	<u>-</u>

#### Borrowings at 31 December 2019

As at 31 December 2019, the Group has the following borrowings:

- Revolving credit facility - UK/EU.** The Group has an agreement for a £260m multi-currency revolving credit facility. This facility is secured on the assets of certain UK and European group businesses and is committed through to 27 March 2021. At the end of 2019 the Group was in advanced stages of splitting this facility into separate UK and EU facilities. An EU-only asset based lending facility, with an expiry date of September 2021 (with two one-year extension options) was agreed on 4 March 2020. A UK-only revolving credit facility of £175m was agreed on 23 April 2020. This is committed through to April 2023 with two one-year extension options.
- Asset-based lending facility – USA.** This is a committed facility with an expiry date of October 2023 (extended in October 2019). The availability of the facility is dependent on the level of stocks and trade receivables available for refinancing in the EMR USA business and is subject to a maximum drawdown of \$220m.

In addition to the above, the Group also has access to other material bank and ancillary credit facilities.

The Group incurs non-utilisation fees for its committed bank facilities.

Bank facilities are provided subject to standard banking covenants, including net debt/EBITDA and interest cover ratios for its UK/EU revolving credit facility.

### 20 Other financial (assets)/liabilities

	Group 2019 £m	Group 2018 £m	Company 2019 £m	Company 2018 £m
<b>Amounts falling due within one year</b>				
Derivative financial instruments measured at fair value through profit or loss	2	(2)	-	-
Derivative financial instruments measured at fair value and designated in an effective hedging relationship	(2)	-	-	-
	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>-</u>

## Notes (continued)

### 21 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2019 £m	Assets 2018 £m	Liabilities 2019 £m	Liabilities 2018 £m	Net 2019 £m	Net 2018 £m
Decelerated capital allowances	(12)	(11)	-	-	(12)	(11)
Net tax (assets) / liabilities	(12)	(11)	-	-	(12)	(11)

In addition to the deferred tax asset above, the Group has additional unrecognised gross tax losses of £211m (2018: £203m). There are no deferred tax liabilities.

In the 2020 Budget released on 11 March 2020, the Government announced its intention to reverse the previous cut in corporation tax rates from 19% to 17% which would have been effective from 1 April 2020.

The expected impact of this rate change on the Group's tax position will be an increase in the net deferred tax asset by £1m. As this was not enacted at the balance sheet date, the impact of this will be accounted for within the financial statements for the period ended 31 December 2020.

### 22 Other provisions

Group	£m
Balance at 1 January 2019	19
Provisions utilised during the year	(2)
<b>Balance at 31 December 2019</b>	<b>17</b>

Other provisions relate to those costs expected to be incurred by the Group in the future where a present obligation exists at the year end date and a reliable estimate can be made of the obligation. In particular, provision has been made for contractual or constructive obligations on vacating operating sites where these require remedial environmental action prior to vacation. Such remediation costs are reviewed annually and updated where the basis of calculation has changed as a result of, for example, changes in site utilisation plans and dirt disposal costs.

Further provision is made for costs to be incurred with regards to onerous leases, with these costs being determined by the annual lease cost and the unexpired lease term. Also included in other provisions are the costs for insurance claims relating to current and prior periods, having been valued by a qualified professional.

**Notes (continued)**

**23 Employee benefits**

The Group contributes to a number of pension schemes as described below.

**Defined contribution pension scheme**

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £2m (2018: £2m).

Contributions amounting to £nil were payable to the scheme at the year-end (2018: £nil).

**Defined benefit scheme**

The Group operates a funded defined benefit pension scheme for the benefit of certain of the Group's employees. The scheme is closed to new members. The assets of the scheme are administered by trustees in a fund independent from the assets of the Group.

Net pension asset:

	Group 2019 £m	Group 2018 £m
Defined benefit obligation	(51)	(51)
Plan assets	54	50
	<hr/>	<hr/>
Net pension asset	3	(1)
	<hr/>	<hr/>

The Group has not recognised the net pension asset as it does not believe it is recoverable.

Movements in present value of defined benefit obligation:

	Group 2019 £m	Group 2018 £m
At 1 January 2019	51	53
Current service cost	1	1
Interest expense	1	1
Re-measurement: actuarial losses	1	(2)
Benefits paid	(3)	(2)
	<hr/>	<hr/>
At 31 December 2019	51	51
	<hr/>	<hr/>

Movements in fair value of plan assets:

	Group 2019 £m	Group 2018 £m
At 1 January 2019	50	53
Re-measurement: return on plan assets less interest income	6	(1)
Benefits paid	(2)	(2)
	<hr/>	<hr/>
At 31 December 2019	54	50
	<hr/>	<hr/>



## Notes (continued)

### 23 Employee benefits (continued)

Expense recognised in the Group profit and loss account:

	2019 £m	2018 £m
Current service cost	-	-
Net interest on net defined benefit liability	-	-
	<hr/>	<hr/>
Total expense recognised in the profit and loss account	-	-
	<hr/>	<hr/>

The fair value of the plan assets and the return on those assets were as follows:

	Group 2019 £m	Group 2018 £m
Diversified growth	34	31
Gilts and bonds	20	19
	<hr/>	<hr/>
	54	50
	<hr/>	<hr/>
Actual return on plan assets	6	(2)
	<hr/>	<hr/>

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	Group 2019 %	2018 %
Discount rate	2.05	2.85
Expected rate of return on plan assets	2.05	2.85
Expected return on plan assets at beginning of the period	2.85	2.55
Future salary increases	2.95	3.40
Rate of price inflation	2.95	3.40
Rate of LPI 5% pension increases based on RPI	2.85	3.25
Rate of LPI 3% pension increases based on RPI	2.30	2.40
Rate of LPI 3% pension increases based on CPI	2.00	2.15
Rate of LPI 2.5% pension increases based on RPI	2.05	2.10
	<hr/>	<hr/>

The last full actuarial valuation was performed on 5 April 2016. To measure the defined benefit obligation as at 31 December 2019, the Company adjusted salary levels by 2.95%.

In valuing the liabilities of the pension fund at 31 December 2019, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Current pensioner aged 65: 22 years (male), 25 years (female).
- Future retiree upon reaching 65: 24 years (male), 26 years (female).

No adjustments have been made in respect of the requirements to equalise Guaranteed Minimum Pensions (GMPs) in the Scheme following the October 2018 court ruling in respect of the Lloyds Pension Scheme on the grounds of materiality in the Group accounts.

## Notes (continued)

### 24 Finance Leases

The future minimum lease payments are as follows:

	Group 2019 £m	Group 2018 £m
Within one year	3	4
Later than one year and not later than five years	10	10
Later than 5 years	1	1
	<hr/>	<hr/>
Total gross payments	15	16
Less: finance charges	(1)	(1)
Carrying amount of liability	14	15
	<hr/> <hr/>	<hr/> <hr/>

### 25 Capital and reserves

#### Share capital

	2019 £000	2018 £000
<i>Allotted, called up and fully paid</i>		
10,000,000 (2018: 10,000,000) "A" Ordinary shares of 1p each	100	100
42,600 (2018: 42,600) "B" Ordinary shares of 1p each	-	-
	<hr/>	<hr/>
	100	100
	<hr/> <hr/>	<hr/> <hr/>
Shares classified in shareholders' funds	100	100
Shares classified as financial liabilities	-	-
	<hr/>	<hr/>
	100	100
	<hr/> <hr/>	<hr/> <hr/>

The "B" Ordinary shares have been classified as liabilities and compound instruments. Further details on these classifications are set out in note 18.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**Notes (continued)**

**25 Capital and reserves (continued)**

**Other comprehensive income**

**2019**

**Group**

	Total other comprehensive income/(loss) £m
<i>Other comprehensive income/(loss)</i>	
Foreign exchange differences on translation of foreign operations	(15)
Remeasurement of net defined benefit liability	1
	<hr/>
Total other comprehensive income/(loss)	(14)
	<hr/>

**2018**

**Group**

	Total other comprehensive income/(loss) £m
Foreign exchange differences on translation of foreign operations	23
Remeasurement of net defined benefit liability	(1)
	<hr/>
Total other comprehensive income	22
	<hr/>

The Company had no other comprehensive income or losses in the year ended 31 December 2019 (2018: £nil).

**Notes (continued)**

**26 Financial instruments - Group**

**26(a) Carrying amount of financial instruments**

The carrying amounts of the financial assets and liabilities include:

	<i>Note</i>	<b>2019 £m</b>	<b>2018 £m</b>
<i>Derivative financial instruments – (liabilities)/assets measured at fair value through profit or loss</i>			
Forward commodity contracts	17	(2)	2
<i>Derivative financial instruments – assets/(liabilities) measured at fair value and designated in an effective hedging relationship</i>			
Forward currency contracts and currency swaps	15	2	-
<i>Assets measured at amortised cost</i>			
Trade receivables	15	160	270
Amounts owed by group undertakings in which the entity has a participating interest	15	207	208
Other receivables	15	47	48
<i>Liabilities measured at amortised cost</i>			
Secured loans and loan notes	19	(86)	(89)
Bank borrowings	19	(185)	(191)
Trade creditors	17	(167)	(183)

**26(b) Derivative financial instruments**

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for future foreign currency commitments. At 31 December 2019, the fair value of the forward foreign currency contracts is an asset of £1,695,000 (2018: £72,000 asset) and all of the outstanding contracts mature within six months (2018: six months).

The Group enters into forward commodity contracts to protect against movements in the underlying commodity of the related material purchase or sale. The Group's primary exposure is to non-ferrous metal prices. At 31 December 2019, the fair value of the forward commodity contracts is a liability of £2,188,000 (2018: £2,325,000 asset) and all of the outstanding contracts mature within one year (2018: one year).

The Group enters into foreign currency swaps to manage its short term foreign currency position. At 31 December 2019, the fair value of the currency swaps is a liability of £174,000 (2018: £247,000 asset) and all of the outstanding contracts mature within one month (2018: one month).

The fair values of all derivatives above are determined by using broker valuations obtained by the Group.

Notes (continued).

26 Financial instruments (continued)

26(c) Hedge accounting

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur:

	2019						2018					
	Carrying amount £m	Expected cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m	Carrying amount £m	Expected cash flows £m	1 year or less £m	1 to <2 years £m	2 to <5 years £m	5 years and over £m
Forward currency contracts:												
Assets	2	2	2	-	-	-	3	3	3	-	-	-
Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>

## Notes (continued)

### 27 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2019 £m	2018 £m	Company 2019 £m	2018 £m
Less than one year	24	22	-	-
Between one and five years	66	61	-	-
More than five years	99	73	-	-
	<u>189</u>	<u>156</u>	<u>-</u>	<u>-</u>

During the year, £26m was recognised as an expense in the profit and loss account in respect of operating leases (2018: £31m).

### 28 Capital commitments

Contractual commitments to purchase tangible fixed assets at the year-end were:

	Group 2019 £m	2018 £m	Company 2019 £m	2018 £m
Contracted	<u>11</u>	<u>39</u>	<u>-</u>	<u>-</u>

### 29 Related parties

In addition to amounts disclosed within notes 15 and 17 in the financial statements, the Group had the following transactions with related parties in the normal course of its business:

	2019 £m	2018 £m
Sales of goods to associated undertakings	-	-
Purchase of goods from associated undertakings	-	-
Sales of goods to joint ventures	-	-
Purchase of goods from joint ventures	5	6
Management charges to joint ventures	<u>2</u>	<u>2</u>

### 30 Disposal of subsidiaries

In February 2018, the Competition and Markets Authority (CMA) published its findings in relation to its investigation of the acquisition by European Metal Recycling Limited (EMR) of the entire issued share capital of Cufe Investments Limited (the holding company of the Metal & Waste Group (MWR)). The CMA ruled that EMR must dispose of certain MWR sites and assets leading to a divestment process which was completed in April 2019.

## Notes (continued)

### 31 Key accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

#### *Provisions (note 22)*

Provisions are made for dilapidations and contingencies. These provisions require management's best estimate of the cost that will be incurred based on legislative and contractual requirements, and the timing of the cash flows.

#### *Defined benefit pension scheme (note 23)*

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, asset valuations and the discount rate on corporate bonds. Management estimate these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

#### *Impairment of goodwill (note 10)*

At each balance sheet date, the Group considers whether goodwill is impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

#### *Impairment of trade and other debtors (note 15)*

The Group regularly reviews the recoverability of trade and other debtors. A provision for impairment is made where the Group believes that it will not be able to collect amounts due according to the original terms of trade. Provisions for impairment are estimates of future events and are therefore uncertain.

#### *Classification of exceptional items (note 4)*

Certain items of income and expense are classified as exceptional items due to their nature or size and are presented separately on the face of the profit and loss account in order to provide a better understanding of the Group's underlying financial performance. Further detail on exceptional items is included in note 4.

#### *Stock provisioning*

It is necessary to consider the recoverability of the cost of stock and the associated provisioning required given the changes in metal prices and the global market trends. When calculating the stock provision, management considers the nature and condition of the stock as well as applying assumptions around anticipated saleability of the raw materials.

## Notes (continued)

### 32 Group entities

The undertakings in which the Group and Company had an interest at the year-end are as follows.

	Country of incorporation	Principal activity	Class and percentage of shares held	
			Company	Group
<i>Subsidiary undertakings</i>				
European Metal Recycling Limited *1	United Kingdom	Metal recycler	100%	100%
Praedius Ltd. *2	United Kingdom	Holding company	100%	100%
Invenens Limited *1	United Kingdom	Holding company	100%	100%
American Iron & Steel Company *25	USA	Metal recycler	-	100%
American Steel & Industrial Supply Co LLC *11	USA	Metal recycler	-	87%
Auto Shred Recycling LLC *12	USA	Dormant company	-	100%
Automobile Recycling Services LLC *11	USA	Dormant company	-	100%
CD Jordan and Son (Transport) Limited *1	United Kingdom	Dormant company	-	100%
CD Jordan and Son Limited *1	United Kingdom	Dormant company	-	100%
Cleveland Metals Limited *1	United Kingdom	Dormant company	-	100%
Cooper Barnes Metals Limited *1	United Kingdom	Dormant company	-	100%
Coopers Holdings Limited *1	United Kingdom	Dormant company	-	100%
Coopers Metals (Holdings) Limited *1	United Kingdom	Dormant company	-	100%
E Barnes & Co Limited *1	United Kingdom	Dormant company	-	100%
EMR (USA Holdings) Inc *13	USA	Holding company	-	100%
EMR 2003 *1	United Kingdom	Dormant company	-	100%
EMR Advanced Recycling LLC *13	USA	Dormant company	-	100%
EMR Deutschland Beteiligungsgesellschaft mbH *4	Germany	Holding company	-	100%
EMR Eastern LLC *13	USA	Holding company	-	100%
EMR Energy LLC *13	USA	Dormant company	-	100%
EMR European Metal Recycling GmbH *4	Germany	Metal recycler	-	100%
EMR Exports Limited *1	United Kingdom	Dormant company	-	100%
European Metal Recycling USA Holdings Limited *1	United Kingdom	Holding company	-	100%
EMR Financing LLC *13	USA	Holding company	-	100%
EMR GmbH *5	Switzerland	Metal recycler	-	100%
EMR Gold Export Services Inc *13	USA	Metal recycler	-	100%
EMR Gold Recycling LLC *13	USA	Metal recycler	-	100%
EMR Holdings BV *6	Netherlands	Holding company	-	100%
EMR (Jersey) Limited *10	Jersey	Metal recycler	-	100%
EMR Management Services LLC *13	USA	Dormant company	-	100%
EMR Marine Terminals LLC *13	USA	Dormant company	-	100%
EMR Maritime GmbH *4	Germany	Export company	-	100%
EMR Midland Shredders Limited *1	United Kingdom	Dormant company	-	100%
EMR OOO *7	Russia	Metal recycler	-	100%
EMR Polymers LLC *13	USA	Dormant company	-	100%
EMR Shipping Limited *1	United Kingdom	Dormant company	-	100%
EMR Swindon Limited *1	United Kingdom	Dormant company	-	100%
EMR Trading LLC *13	USA	Metal recycler	-	100%
European Metal Recycling (Dormant) Ltd *1	United Kingdom	Holding company	-	100%
European Metal Recycling (Hong Kong) Limited *8	Hong Kong	Metal recycler	-	100%
European Metal Recycling (International) Ltd *1	United Kingdom	Holding company	-	100%
European Metal Recycling (USA) Limited *1	United Kingdom	Holding company	-	100%
European Metal Recycling B.V *6	Netherlands	Metal recycler	-	100%
European Metal Recycling S.R.L. *9	Italy	Metal recycler	-	100%
Ever 1052 Limited *1	United Kingdom	Dormant company	-	100%



**Notes (continued)**

**32 Group entities (continued)**

	Country of incorporation	Principal activity	Class and percentage of shares held	
			Company	Group
<i>Subsidiary undertakings (continued)</i>				
Gainesville Homestead Properties LLC *14	USA	Property company	-	100%
GMFW Real Property LLC *14	USA	Property company	-	100%
GMR Recycling Inc *14	USA	Metal recycler	-	100%
GMV Enterprises LLC *14	USA	Metal recycler	-	100%
GMV Ltd *14	USA	Metal recycler	-	100%
GMR Operations Inc *14	USA	Metal recycler	-	100%
GMR Recycling LP *14	USA	Metal recycler	-	100%
Evinco Stevedoring LLC *13	USA	Dormant company	-	100%
Gold Metal Recyclers Fort Worth LLC *14	USA	Metal recycler	-	100%
Gold Metal Recyclers Gainesville LLC *14	USA	Metal recycler	-	100%
Gold Metal Recyclers Ltd *14	USA	Metal recycler	-	100%
Gold Metal Recyclers Management LLC *14	USA	Metal recycler	-	100%
Gold Metal Recyclers Oklahoma LLC *14	USA	Metal recycler	-	100%
Goldberg Industries Inc *14	USA	Metal recycler	-	100%
Great Western Recycling Inc *15	USA	Metal recycler	-	100%
GW Acquisition Inc *15	USA	Holding company	-	100%
Henderson Kerr (Scrap Processors) Limited *3	United Kingdom	Dormant company	-	100%
Henderson Kerr Limited *3	United Kingdom	Dormant company	-	100%
Innovative Environmental Solutions UK Limited *1	United Kingdom	Production of energy from waste streams	-	100%
International Metal Recycling UK Limited *1	United Kingdom	Dormant company	-	100%
International Shipbreaking Limited LLC *16	USA	Metal recycler	-	100%
Invenens B.V. *6	Netherlands	Investment company	-	100%
Island Recycling Limited *1	United Kingdom	Dormant company	-	100%
J T Broadhurst & Sons Limited *1	United Kingdom	Dormant company	-	100%
Jackson Dunn Limited *1	United Kingdom	Dormant company	-	100%
Jordans (Newhaven) Limited *1	United Kingdom	Dormant company	-	100%
Mayer Environmental Ltd *1	United Kingdom	Environmental consultants	-	100%
Mayer Parry (East Anglia) Limited *1	United Kingdom	Dormant company	-	100%
Mayer Parry Recycling (Holdings) Limited *1	United Kingdom	Dormant company	-	100%
Mayer Parry Recycling Limited *1	United Kingdom	Dormant company	-	100%
MBA Polymers United Kingdom Limited *1	United Kingdom	Recycling of plastics from metal streams	-	100%
Meon Valley Metals Limited *1	United Kingdom	Dormant company	-	100%
Metals Reduction Company, LLC *25	USA	Dormant company	-	100%
Mossdale Metals (Durham City) Limited *1	United Kingdom	Dormant company	-	100%
Mountstar Metal Corporation Limited *1	United Kingdom	Dormant company	-	100%
Northern Metals LLC *25	USA	Metal recycler	-	100%
Northern Metals Recovery LLC *25	USA	Dormant company	-	100%
Phillips Recycling Systems LLC *25	USA	Metal recycler	-	100%
PPR Wipag Limited *1	United Kingdom	Recycling of plastics	-	100%
Praedius UK Limited *2	United Kingdom	Landholding company	-	100%
Praedius UK (No 1) Limited *1	United Kingdom	Landholding company	-	100%
Praedius UK (No 2) Limited *1	United Kingdom	Landholding company	-	100%
Praedius UK (Industrial) Limited *2	United Kingdom	Landholding company	-	100%
Praedius UK (Development) Limited *2	United Kingdom	Landholding company	-	100%
Praedius USA Inc *13	USA	Landholding company	-	100%
Praedius USA I LLC *13	USA	Landholding company	-	100%
Praedius BV *6	Netherlands	Dormant company	-	100%
Premier Granules UK Limited *1	United Kingdom	Dormant company	-	100%
Robinson Group Ltd *1	United Kingdom	Dormant company	-	100%
Robinson Shipping Services Limited *1	United Kingdom	Dormant company	-	100%
Scrap Processing (Portsmouth) Limited *1	United Kingdom	Dormant company	-	100%
Sheppard Group Limited *1	United Kingdom	Dormant company	-	100%
Southern Recycling Sales LLC *12	USA	Metal recycler	-	100%
Southern Scrap Material Co LLC *12	USA	Dormant company	-	100%

## Notes (continued)

### 32 Group entities (continued)

	Country of incorporation	Principal activity	Class and percentage of shares held	
			Company	Group
<i>Subsidiaries undertakings (continued)</i>				
Southern Scrap Recycling Morgan City LLC *12	USA	Dormant company	-	100%
SSX LLC *12	USA	Dormant company	-	100%
T Holloway & Sons (Metals) Limited *1	United Kingdom	Dormant company	-	100%
T Lethbridge Limited *1	United Kingdom	Dormant company	-	100%
The Auto Store LLC *13	USA	Metal recycler	-	100%
Toy Eau Claire Properties LLC *17	USA	Property company	-	100%
Toy Properties LLC *17	USA	Property company	-	100%
Toy's Custom Shearing LLC *17	USA	Metal recycler	-	100%
Toy's Scrap and Salvage Corp *17	USA	Metal recycler	-	100%
Toy's Transport LLC *17	USA	Transport company	-	100%
Viking Land Holdings LLC *12	USA	Property company	-	100%
Reource Recycling LLC *12	USA	Dormant company	-	100%
Southern Recycling LLC *12	USA	Metal recycler	-	100%
<i>Joint ventures</i>				
1751 Kenilworth Land, LLC *18	USA	Property company	-	50%
Allegany Scrap, Inc. *18	USA	Metal recycler	-	50%
Atlas Traders, LLC *13	USA	Metal recycler	-	50%
Auto Recycling Real Estate, LLC *13	USA	Metal recycler	-	50%
Baltimore Western Marine Terminal LLC *19	USA	Metal recycler	-	25%
Beaver Heights Associates, LLC *18	USA	Metal recycler	-	50%
Camden Iron & Metal Inc *13	USA	Metal recycler	-	50%
Camden Iron & Metal, LLC *13	USA	Metal recycler	-	50%
Camden Metal Company, Inc *13	USA	Metal recycler	-	50%
Capitol Heights Metal Recycling Inc *18	USA	Metal recycler	-	50%
Caroline Lands LLC *18	USA	Property company	-	50%
Caroline Scrap Metal Inc *18	USA	Metal recycler	-	50%
Carroll Land LLC *18	USA	Property company	-	50%
Carroll Scrap Metal Inc *18	USA	Metal recycler	-	50%
Cohen Recycling, Inc. *20	USA	Metal recycler	-	25%
CRI Property Co., LLC *18	USA	Property company	-	25%
Cumberland Land, LLC *18	USA	Property company	-	50%
David Paul Inv., LLC *18	USA	Holding company	-	50%
Day Road Land LLC *18	USA	Property company	-	50%
Deenah, LLC *21	USA	Property company	-	25%
Delco Metals Inc *13	USA	Metal recycler	-	50%
Delmar Industries, LLC *22	USA	Property company	-	50%
Denton Scrap Metal Recycling *18	USA	Metal recycler	-	50%
Dover Scrap Metal Inc *22	USA	Metal recycler	-	50%
Eastern Metal Recycling Inc *13	USA	Metal recycler	-	50%
Eastern Metal Recycling LLC *13	USA	Metal recycler	-	50%
Eastern Metal Recycling Terminal, LLC *13	USA	Metal recycler	-	50%
EMR / Smith Industries LLC *13	USA	Holding company	-	50%
F&K, Inc. *18	USA	Metal recycler	-	50%
FDR, LLC *18	USA	Property company	-	50%
Frederick Motor Company, Inc. *18	USA	Metal recycler	-	50%
Frederick Scrap Inc *18	USA	Metal recycler	-	50%
Fredericksburg Land LLC *18	USA	Property company	-	50%
General Auto Parts, Inc. *18	USA	Metal recycler	-	50%
Girard Point Corp *13	USA	Metal recycler	-	50%
The Auto Store of Egg Harbor LLC *13	USA	Metal recycler	-	50%
Harrisonburg Land, LLC *18	USA	Property company	-	50%
Hartly Land, LLC *22	USA	Property company	-	50%
Hayden Auto Service Inc *18	USA	Metal recycler	-	50%
Henderson Land, LLC *18	USA	Property company	-	50%

**Notes (continued)**

**32 Group entities (continued)**

	Country of incorporation	Principal activity	Class and percentage of shares held	
			Company	Group
<i>Joint ventures (continued)</i>				
Henderson Scrap Metal Inc *18	USA	Metal recycler	-	50%
Innovative Recovery Products, LLC *13	USA	Metal recycler	-	50%
Johnstown Lands LLC *18	USA	Property company	-	50%
Johnstown Scrap Metal, Inc *18	USA	Metal recycler	-	50%
Joppa 420, LLC *18	USA	Property company	-	50%
Joppa 500, LLC *18	USA	Property company	-	50%
Joppa Auto Salvage, Inc. *18	USA	Metal recycler	-	50%
Joseph Smith & Sons, Inc. *18	USA	Metal recycler	-	50%
JS Trucking, Inc. *18	USA	Metal recycler	-	50%
Halethorpe Farms Land Inc. *23	USA	Property company	-	50%
Kenilworth Recovery Systems, LLC *18	USA	Metal recycler	-	50%
Kent Land, LLC *22	USA	Property company	-	50%
Kent Scrap Metal, Inc. *22	USA	Metal recycler	-	50%
L&L Acquisition Company *13	USA	Property company	-	50%
L&L Waste Disposal & Metal Recycling Inc. *13	USA	Metal recycler	-	50%
Lands of Shenandoah LLC *18	USA	Property company	-	50%
Lands of Somerset, LLC *18	USA	Property company	-	50%
Lands of Westover, LLC *18	USA	Property company	-	50%
Lands of Woodbridge LLC *18	USA	Property company	-	50%
Manassas Land, LLC *18	USA	Property company	-	50%
Martinsburg Land LLC *18	USA	Property company	-	50%
Martinsburg Scrap LLC *18	USA	Metal recycler	-	50%
Metal Properties, Inc. *18	USA	Property company	-	50%
Olive Street Property, LLC *18	USA	Property company	-	50%
Preston Terminals Inc *13	USA	Metal recycler	-	50%
Prince Georges Scrap, Inc. *18	USA	Metal recycler	-	50%
Prince William Metal Recycling, Inc *18	USA	Metal recycler	-	50%
R. Kelly Freedman Holding Group, LLC *13	USA	Holding company	-	50%
R.P. Smith Properties, LLC *18	USA	Property company	-	50%
Recovermat Mid-Atlantic LLC *18	USA	Metal recycler	-	50%
Recovermat Technologies, Inc. *18	USA	Metal recycler	-	50%
Recycling Properties LLC *18	USA	Property company	-	50%
R Fanelle & Sons Inc *13	USA	Metal recycler	-	50%
Rhino Recycling Inc *13	USA	Metal recycler	-	50%
Ritchie Road Land, LLC *18	USA	Property company	-	50%
RPM Realty LLC *22	USA	Property company	-	45%
RPS Land, LLC *18	USA	Property company	-	50%
RPS Marine, LLC *18	USA	Metal recycler	-	50%
RPS Mid-Atlantic Marine Terminal, LLC *18	USA	Metal recycler	-	50%
RPS Realty Holdings LLC *18	USA	Holding company	-	50%
S Street Land, LLC *18	USA	Property company	-	50%
Salisbury Scrap Metal Inc *18	USA	Metal recycler	-	50%
Satellite Services Inc *18	USA	Metal recycler	-	50%
Service Bays, LLC *18	USA	Metal recycler	-	50%
Shenandoah Scrap Metal Inc *18	USA	Metal recycler	-	50%
Smith Camden Disc Inc *18	USA	Holding company	-	50%
Smith CRI, LLC *18	USA	Metal recycler	-	50%
Smith Export Terminal, Inc. *22	USA	Metal recycler	-	50%
Smith Industries, Inc. *18	USA	Holding company	-	50%

**Notes (continued)**

**32 Group entities (continued)**

	Country of incorporation	Principal activity	Class and percentage of shares held Company	Class and percentage of shares held Group
<i>Joint ventures (continued)</i>				
Smith Railroad Company Inc *18	USA	Transport company	-	50%
SPC Corporation *13	USA	Metal recycler	-	50%
Springfield Scrap Metal Inc *18	USA	Metal recycler	-	50%
Stafford Scrap Metal Inc *18	USA	Metal recycler	-	50%
Sussex Scrap Metal, Inc. *22	USA	Metal recycler	-	50%
Tioga Real Estate, LLC *13	USA	Property company	-	50%
TPE Advanced Recycling LLC *13	USA	Metal recycler	-	50%
United Compressed Steel Company *13	USA	Metal recycler	-	50%
US Electronics Land LLC *18	USA	Property company	-	25%
US Electronics, LLC *18	USA	Metal recycler	-	25%
Vineland Processing Inc *13	USA	Metal recycler	-	50%
Westernport Land, LLC *18	USA	Property company	-	50%
Westernport Salvage, Inc. *18	USA	Metal recycler	-	50%
Westover Scrap Metal Inc *18	USA	Metal recycler	-	50%
Wicomico Land LLC *18	USA	Property company	-	50%
Wilmington Metal Recycling Inc *24	USA	Metal recycler	-	50%
Winchester Land, LLC *18	USA	Property company	-	50%
Woodbridge Metal Recycling Inc *18	USA	Metal recycler	-	50%
Somerset Scrap Metal, Inc *18	USA	Metal recycler	-	50%

\*1 registered office: Sirius House, Delta Crescent, Westbrook, Warrington, WA5 7NS.

\*2 registered office: Capella House, Delta Crescent, Westbrook, Warrington, WA5 7NS.

\*3 registered office: Kirklee Road, Moss End, Bellshill, ML4 2QW.

\*4 registered office: Harburger Schlosstraße 28, 21079 Hamburg, Germany

\*5 registered office: Hinterbergstrasse 9, 6330 Cham, Switzerland

\*6 registered office: Quebecstraat 3, 3197 KL, Rotterdam, Netherlands

\*7 registered office: 192019, Saint-Petersburg, Glukhoozerskoye shosse, 4

\*8 registered office: Unit 902, 9/F, 118 Connaught Road West, Hong Kong

\*9 registered office: Via Iseo 2, 25030 Erbusco (BS), Italy

\*10 registered office: Thomas Edge House, Tunnell Street, St Helier, Jersey, JE2 4LU

\*11 registered office: 1803 N 2<sup>nd</sup> Street, Minneapolis, MN 55411

\*12 registered office: 3636 S. I-10 Service Road W., Suite 101, Metairie, LA 70001

\*13 registered office: 143 Harding Avenue, Bellmawr, NJ 08031

\*14 registered office: 4305 S Lamar Street, Dallas, TX 75215

\*15 registered office: 521 Barge Channel Road, St. Paul, MN 55107

\*16 registered office: 18201 R.L. Ostos Road, Brownsville, TX 78521

\*17 registered office: 8010 Olson Drive, Eau Claire, WI 54703

\*18 registered office: 2001 Kenilworth Avenue, Capitol Heights, MD 20743

\*19 registered office: 920 N. King Street, Floor 2, Wilmington, DE 19801

\*20 registered office: 4551 Tanglewood Drive, Bladensburg, MD 20710

\*21 registered office: 529 Terminal Avenue, New Castle, DE 19720

\*22 registered office: 251 Little Falls Drive, Wilmington, DE 19808

\*23 registered office: 2202 Halesthorpe Farms Road, Baltimore, MD 22102

\*24 registered office: 601 Christiana Avenue, Wilmington, DE 19801

\*25 registered office: 2800 Pacific Street, Minneapolis, MN 55411