Ausurus Group Ltd

Annual report and consolidated financial statements

Registered number 09123549

31 December 2021

Contents

Strategic Report

The directors present their report together with the audited financial statements of Ausurus Group Limited ("Ausurus" and the "Company") and together with its subsidiaries and joint ventures (the "Group"), for the year ended 31 December 2021.

Principal activities

The principal activities of the Group relate to the recycling of high value commodities from a range of waste streams such as end-of-life vehicles and durable consumer goods and from industrial, construction and demolition suppliers. 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 raw materials to the Group's international customer base.

Business overview 2021

Following the unprecedented challenge all businesses faced during 2020 with the global economic impact of the COVID-19 pandemic, the Group delivered a very strong performance in 2021.

In the final months of 2020, recycled metal prices rallied strongly. Recycled steel prices were around $475/t at the beginning of 2021, the highest price/t seen in a decade and an increase of $175/t from the price level at the end of October 2020. Copper started 2021 around $7,700/t which compares to the lows of $4,600 during 2020 (source: London Metal Exchange). This market sentiment was driven by strong demand for metals required for construction and physical goods in an environment where recycled steel supply had been negatively impacted by lockdowns and logistical and operational disruption. The positive market sentiment for metals continued in 2021; during the year the price for recycled steel fluctuated between $400/t and $500/t and copper reached a new all-time high of $10,725/t in May before falling back to a price range between $9,000/t and $10,000/t. These increased price levels resulted in incoming volumes recovering much faster than expected and close to pre-Covid levels.

In the second half of the year, market uncertainty increased; key drivers included a significant devaluation of the Turkish Lira and increasing energy prices. However, there were also some drivers of positive sentiment in the market as we ended 2021; worldwide on-going government stimulus in response to the pandemic driving robust global demand for commodities; successful COVID-19 vaccination programme and rebound in consumer demand as Governments lifted restrictions. Furthermore, increased focus on climate change and decarbonisation of metal production is expected to result in both increased demand for green metals including steel, copper and aluminium. Additionally, producing new metal from recycled raw materials significantly reduces the carbon footprint of metals.

The positive market sentiment and volume recovery provided the basis for a strong performance in 2021 in the UK, EU and the US. The significant investments made, predominantly in the US business, over the past few years also further supported the result. The new state-of-the-art shredder facility in Minnesota contributed a full year for the first time and performed well. Our greenfield start-up business MyAutoStore.com in Camden, New Jersey, has also made progress during the year. The new shredder downstream operation in Camden, New Jersey, commenced operations at the end of 2021 and is expected to start contributing fully in 2022. These strategic initiatives have significantly strengthened the US business and have laid a solid basis for continued financial performance in future years.

2021 Performance

The Group generated strong cash-flows in 2021 resulting in an underlying* EBITDA of £322m (2020 restated: £100m) and underlying operating profit of £266m (2020 restated: £41m). Underlying profit after tax was £234m, compared to £22m in 2020 (restated).

Total sales for the year are £4.7bn (2020 restated: £2.8bn) which was a result of higher prices/t during the year and improved volumes. This resulted in a gross profit of £1,070m (2020 restated: £627m).

Total distribution and administration costs in 2021 are £850m which were considerably higher than 2020. Due to the uncertain Covid period and heavily reduced volumes, the Group was able to significantly reduce costs in all aspects of the business. The increased costs in 2021 were driven by investment in the necessary operational and people infrastructure to support the post Covid volume recovery. Nevertheless, the Group continues to exercise strong monitoring and control of costs, ensuring the resources of the business can expand and contract to match the available volumes.

Strategic Report *(continued)*

The Group continues to exercise strong financial control. The price rises at the beginning of 2021 in combination with increased volumes resulted in a significant additional investment in working capital and related cash out-flow. However, the strong cash flow generated in 2021 still enabled the Group to strongly reduce net debt during the year. Net debt on 31 December 2021 was £169m (2020: £268m), with very comfortable net debt/EBITDA and interest cover ratios.

The Group maintains a strong balance sheet with net assets on 31 December 2021 of £723m (2020 restated: £500m). The increase in the current year is driven by statutory net profit for the year of £227m.

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

	2021	2020 (restated)
Turnover (£m)	**4,695**	2,779
Gross margin	**22.8%**	22.6%
Underlying* EBITDA (£m)	**322**	100
Depreciation (£m)	**(56)**	(59)
Underlying operating profit (£m)	**266**	41
Goodwill amortisation (£m)	**(7)**	(12)
Operating Profit (£m)	**259**	29
Underlying profit after tax (£m)	**234**	22
Goodwill amortisation (£m)	**(7)**	(12)
Statutory profit after tax for the financial year (£m)	**227**	10
Statutory net assets (£m)	**723**	500

* *Underlying earnings measures are before the impact of exceptional items and goodwill amortisation. There are no items classified as exceptional in the current or prior years.*

The Group continues to invest for the future. Total capital expenditure on tangible fixed assets in the year was £53m. The Group was cautious with non-essential capital expenditure during 2020 due to the significant uncertainty. When the impact of the COVID-19 virus became clearer and the performance of the business started to improve significantly, expenditure was increased. The 2021 capital expenditure number is somewhat reduced by leasing activity and a relatively large pipeline of assets that are on order with a long delivery time and of which delivery is expected in 2022.

With several recent strategic initiatives starting to contribute to the business, and further 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 people and the Board would like to thank them for their support during these exceptional few years.

Looking Forward to 2022

At the end of 2021, there were several positive geopolitical and economic developments such as an improvement in global economic forecasts, resilient global demand for commodities and an expectation that life will return to some form of normality during 2022. This resulted in a solid performance in Q1 2022 and a positive outlook for the full year.

Unfortunately, the on-going situation in Ukraine has since created significant uncertainty in the global economy. Management is tracking this situation carefully, have carefully risk assessed the business and will manage with appropriate caution. Despite this crisis, management continue to remain positive for 2022. The proven track record of the Group of managing the COVID-19 pandemic in 2020 and 2021 together with continued prudent financial management and a very strong balance sheet, provides comfort that the Group will be capable of dealing with additional disruption.

Strategic Report *(continued)*

The main macroeconomic risks for 2022 result from:

- Further COVID 19 disruptions.
- The impact of the Russia/Ukraine conflict on the world economy and more specifically its impact on commodity trading, logistical disruption, availability of goods, general inflation and energy costs.
- Rising energy costs and disrupted supply negatively impacting steel, copper and aluminium production.
- Individual countries taking further protectionist measures that negatively impact free trade of metals and disrupting sales markets.
- Deterioration of the Global economic environment - slow down of the Chinese and world economy resulting in less demand for metals in the sales markets and a reduction in material inflows due to reduced economic activity in our home markets.
- Further deterioration of the Turkish economy and weakness of the Lira negatively impacting recycled steel sales to the Turkish steel producers.
- Changing import and export regulations negatively impacting the flows of recycled raw materials to key markets like China, India and the EU.
- Changing legislation/regulations regarding the handling and processing of metal and plastic rich waste streams which could result in additional costs.

Principal risks and uncertainties

The directors have set out below the principal risks facing the business. Where possible, processes are in place to monitor and mitigate such risks.

- *COVID 19.* Globally governments have largely categorised the recycling services as 'essential services' which has meant continuity of operations during lockdowns. The business furthermore has considerable flexibility in managing its operating cash flows. This is largely driven by the following factors: 1) working capital reduces significantly as volumes and revenues fall resulting in significant cash in-flow; 2) approximately 70% of costs are the input materials and so variable in nature; 3) the majority of our fixed assets - sites, plant and equipment are owned outright; 4) the majority of our other costs are variable in nature such as fuel, electricity, maintenance and consumables. The business demonstrated in 2020 that it is capable of temporarily downsizing or hibernating components of the business in line with reduced incoming volumes.

- *Russia/ Ukraine conflict.* At the time of writing this, the full human, geopolitical and economic consequences of Russia's invasion of Ukraine remain uncertain. In response, Governments around the world have, and continue to take decisive action against Russia in the form of economic sanctions and other social and geopolitical initiatives. The conflict has a significant impact on world trade and the longer the conflict continues, the greater the disruption in many different areas. The business is confident it can respond as necessary to any disruption which will result from this conflict as it has demonstrated with the COVID crisis. The direct exposure of the Group to Russia and Ukraine is small.

- *Macroeconomic conditions.* The business has exposure to both metal prices and volumes, both of which are linked to the global economic environment. Changes in the levels of consumer and industrial activity have a direct impact on the supply of, and demand for, recycled metals and therefore level of activity and results achieved by the Group. In response to this risk, senior management aim to keep abreast of economic conditions and modify strategies accordingly.

- *Fluctuating commodity prices.* Policies to continuously monitor commodity prices, open positions and ongoing market analysis are in place to mitigate such risks.
- *Safety, Health & Environmental.* The Group's success is dependent on maintaining strong systems of occupational health and safety and having strong environmental controls. The Group places significant emphasis on safety, health and environmental systems which are constantly monitored by the Board. Policies and processes are in place to ensure our operations remain safe and compliant.

Strategic Report *(continued)*

- *Recruitment and retention of key people.* 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 26). 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 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 19 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.

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, inspire The EMR Way in our people and uphold the values described in the Code of Conduct.

- Our Purpose is to be a global leader in sustainable materials and circular economy solutions.
- Our culture is summarised by our definition of The EMR Way:

Strategic Report *(continued)*

We CARE	We DO
• about our people	• what we agreed
• about our customers	• solutions not problems
• about our workplace and equipment	• the right long-term decisions
• about our communities	• without wasting time or money
and we do this all 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

The Code of Conduct clearly sets out our value and is a simple guide to the EMR Way of doing business:

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

Sustainability

Recycling is fundamental to the circular economy. In processing a range of waste streams from individual, municipal, industrial, construction and demolition suppliers, we extract valuable materials that can be reused again and again. In 2021 we recycled 9.2 million tonnes of steel and 0.8 million tonnes of other metals and plastics. Using these materials instead of new saves CO_2 equivalent (CO_2e) emissions, and they play a key role in decarbonising the production of new metals and plastics.

The energy used in the production of new metals worldwide is a major contributor to CO_2e emissions and the avoidance of mining has a significant benefit to the natural environment. In 2020 EMR commissioned an independent study by the Carbon Trust to value the environmental impact of reusing metals and using recycled metals in new metal production. This study showed that a tonne of steel produced from recycled materials using an Electric Arc Furnace (EAF) results in about 0.563t CO_2e emissions (the EAF route is the most common production method of new steel from recycled steel). Included within this 563kg, the CO_2e emissions attributed to recycling activities (collection, processing & distribution), before mitigation through the use of renewables, was estimated at 26kg. The World Steel Association estimates that CO_2e emissions per tonne of steel produced globally are on average 1.85t CO_2e.

Using this average emission factor as a guide, the CO_2e emission savings that can be attributed to the use of the 9.2 million tonnes of steel recycled in 2021 can be estimated at approximately 12Mt CO_2e. The savings from the other metals and plastics we recycle yield similar, additional CO_2e savings per tonne of new material produced.

We recognise that this is a comparison to global averages and many of our steel, aluminium, copper and other metal producing customers are making steady progress to decarbonise production and logistics. As such carbon emissions for producers will vary widely around this average dependent on the technology, raw materials and energy mix used.

<u>Our Decade of Action</u>

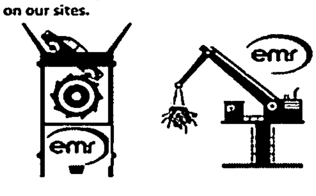
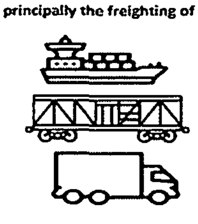
In 2020 the Group committed to a Decade of Action on sustainability. This commitment addresses the fact that while recycling emissions are small in the context of new metal and plastic production, there is opportunity to reduce these significantly. The Group has committed to the development of Science Based Targets Business Ambition for 1.5°C with a target of achieving Net Zero across our scope 1, 2 and 3 greenhouse gas emissions by 2040. Our Decade of Action consists of a clear energy productivity improvement target (Climate Group EP100), a commitment to move to 100% renewable electricity (Climate Group – RE100) and 100% transition to electric company vehicles, and goods vehicles under 7.5 tonnes (Climate Group – EV 100).

Strategic Report *(continued)*

Program	2030 objective	Progress to date
EP 100 - Energy Productivity	1a) Energy management system (EMS) implemented at 100% of our sites	- Comprehensive energy management audits performed, and EMS implemented on UK sites with significant energy use. Total audits cover 68% of UK electricity consumption. - Rollout started in the US and EU sites.
	1b) 10% improvement in total kWh/tonnes handled/produced from 2020 baseline	- 2020 energy base line of significant energy uses (SEUs) established. - Recommendations from energy audits currently being considered.
RE 100 - Renewable Electricity	2) 100% of renewable electricity purchases at 100% of total use	- Renewable electricity used in the UK rose to 86% in 2021. - 100% renewable energy purchased to supply our concept zero-emissions shredder in Becker MN, US. - A 600kW peak, annual 500,000 kWh on-site renewable energy project under construction in Germany. - Further on-site renewable energy projects under review in the UK, US and EU regions.
EV100 - Movement of People	3a) 100% of our cars and light commercial vehicles transitioned to electric vehicles	- At the end of 2021, 31% of UK company cars were fully electric.
	3b) 50% of small heavy goods vehicles (< 7.5 tonnes) transitioned to battery electric, extended range hybrid or hydrogen	- Technology solutions currently unsuitable – we continue to monitor developments.
Material Handling & Movement	4) 20% of our new material handling equipment and heavy goods vehicles powered by electrical, hybrid, fuel cell and/or bio-fuel sources.	- In the UK, US and EU, where economically and logistically possible, continuing to replace 100% electrically powered material handlers. - Trials with electric forklift trucks and orders placed for 45. - Trials continue with alternative fuels for large heavy goods vehicles in the absence of alternative technologies. - Further transition of inbound and outbound logistics to rail and sea with investments in Becker MN, USA (rail freight), Glasgow, UK (sea freight) and Duisburg, DE, EU (river freight).

Energy Consumption and Greenhouse Gas (GHG) Emissions

Using the Greenhouse Gas Protocol (GHG)[1], we scoped sources of greenhouse gas (GHG) emissions and are investing in our data collection infrastructure and business processes to enable the accurate targeting and reporting of these. We illustrate these simply as follows.

Scope 1	Scope 2	Scope 3
Direct emissions from use of fossil fuels for the movement of materials in our own vehicles. 	**Indirect emissions from the use of electricity for processing and movement of materials on our sites.** 	***Indirect 3rd Party emissions in our material chain, principally the freighting of materials:*** 

[1] *Greenhouse Gas Protocol* - global standardised frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. More can be seen at: https://ghgprotocol.org/

Strategic Report *(continued)*

Looking at our sources of emissions at a high level, we are currently well positioned to determine our Scope 1 and Scope 2 emissions relatively accurately. A lot of progress also has been made in determining our Scope 3 emissions however this is still work in progress. It should be noted that CO_2e relating to corporate activities and general administration are small, we estimate these to be of the order of 1-2%.

This scoping exercise highlighted some points of note as follows:

- The definition of Scope 3 emissions is broad, and all businesses must decide what it is possible to reasonably influence. As part of the project with the Carbon Trust, we sought to establish what would be a reasonable basis for measuring Scope 3 emissions. Our current intention is to align the measurement of direct scope 3 emissions with our economic and operational responsibility in the value chain. To this end we use the chosen contractual Incoterms to delineate our scope 3 responsibility. The board are comfortable with this approach considering the recycling activities of the Group have a significant net-benefit to downstream new metal and plastic production.

- To keep KPIs simple, for now the Group will report $kgCO_2e$ per tonne handled and sold. However, it is possible and desirable to increase the amount of work done to our recycled raw material products to further remove impurities and improve chemistry. This has downstream environmental benefits which are difficult to quantify but it is the right thing to do. Furthermore, product mix differences from year to year may result in adverse movement in KPIs as some incoming materials require significantly less processing than others.

Below we are reporting the energy consumption and Scope 1 and 2 GHG emissions for our core UK operation only for the year 2021.

EMR UK – 2021 Electricity, *Gas Oil, Diesel consumption and Scope 1 & 2 CO_2e emissions*[1]

Energy Consumption		Metals Recycling	Separation	Plastic Recycling	Total
Electricity - Renewables	MWh	43,043	15,450	12,596	71,089
Electricity - Grid	MWh	9,537	1,914	0	11,451
Total Electricity consumption	MWh	52,581	17,364	12,596	82,541
Gas Oil	Litres	8,091,105	1,057,721	426,661	9,575,487
Diesel	Litres	3,803,915	0	0	3,803,915
Metric T CO_2e					
Total Electricity	TCO_2e	3,014	605	0	3,619
Gas Oil	TCO_2e	22,320	2,918	1,177	26,415
Diesel	TCO_2e	9,557	0	0	9,557
Total	TCO_2e	34,890	3,523	1,177	39,590
Intensity Ratios					
Tonnes handled	million t	12.3	0.9	0.1	
Tonnes sold	million t	3.3			
Footprint per tonne handled	$kgCO_2e$	2.8	4.1	20.7	
Footprint per tonne sold	$kgCO2e$	10.7			

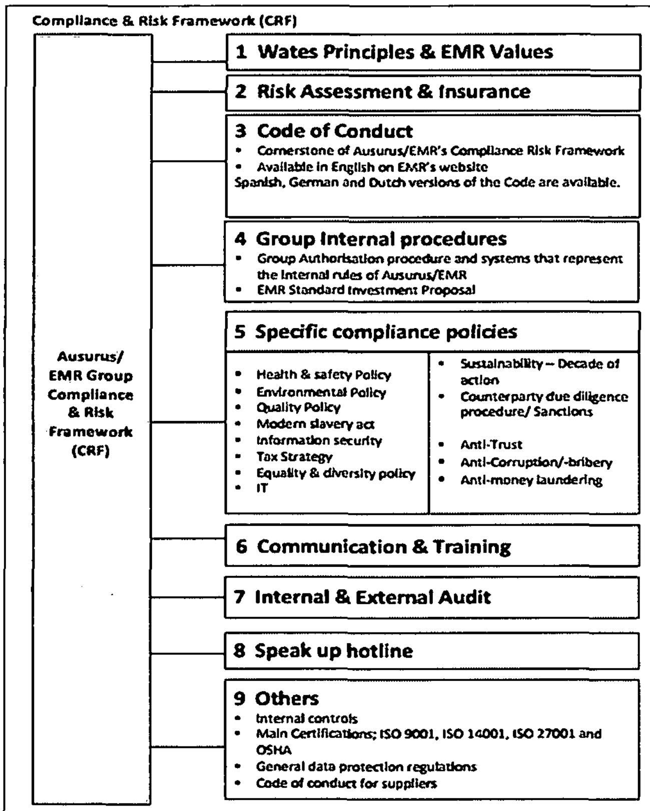
[1] using June 2021 CO_2e conversion factors for electricity, Gas Oil and Diesel as publicized by Defra/BEIS.

Strategic Report *(continued)*

EMR UK 2021 facts and figures	Comments
Total electricity consumption 82,500 MWh	• Electricity use up 12.1% vs 2020 • Tonnes processed up 19.7% vs 2020
Of the total metered electricity consumption, 71,100 MWh was procured as renewable and in accordance with the RE100 criteria[2]	• 2019 - % renewable of total: 0% • 2020 - % renewable of total: 85% • 2021 - % renewable of total: 86%
Gas Oil used at the recycling facilities, 9.6m litres.	• Gas Oil consumption up 15.6% vs 2020 • Tonnes handled at the facilities up 22.1% vs 2020
Diesel used, 3.8m litres	• Diesel consumption up 6.9% vs 2020 • Tonnes transported in 2021 up 13.7% vs 2020
Scope 1 & 2 GHG emissions in CO_2e, 39.6M kg	• GHG-emissions per ton of recycled material (ferrous, non-ferrous, plastics) handled: about 2.8kg CO_2e • GHG emissions per ton of recycled steel/non-ferrous material sold: about 10.7kg CO_2e

Corporate Governance

The Group applies the following compliance and risk framework (CRF):



The Group has developed a Compliance & Risk Framework (CRF) consisting of several building blocks.

Strengthening and improving the CRF is an ongoing continuous improvement process.

New developments, risks and experiences are taken into account in further optimising this framework.

The Company has adopted the Wates Principles as a clear and progressive structure for the governance of private companies. As a family business, we strive to blend the best of PLC standards with the strong colleague-centric culture and long-term outlook of the private family approach.

After a detailed review of both the Wates Principles and EMR's existing Governance model, the Board believes that EMR is diligent in seeking to apply the Wates Principles and is committed to continuous improvement in this regard.

[2] RE100 criteria - renewable sources that include biomass (including biogas), geothermal, solar, water, and/or wind (either sourced from the market or self-produced).

Strategic Report *(continued)*

Board

A balanced Board promotes effective decision-making and supports the delivery of a company's strategy. In composing the Board, our focus is on finding people with a variety of relevant complementary competencies, skills and experiences who share the strong values of the Group. In 2021 two additional independent non-executive Board members have been formally appointed to the Board. We believe that our Board collectively demonstrates a high-level of understanding relevant to the company's business needs and stakeholder interests. When appointing future Board members, a key consideration will be to promote diversity in the Board.

An effective board has an appropriate combination of skills, backgrounds, experience and knowledge that promotes accountability and incorporates objective thought, which in turn provides constructive challenge to achieve effective decision-making. The Board of Directors has appointed a Remuneration Committee (RC) and an Audit Committee (AC) in order to deal with specific tasks, to advise and make recommendations to the Board of Directors.

Members of the Board of Directors

1. Chris Sheppard, Executive Director, Group Chief Executive Officer (Member RC)
2. Edwin Leijnse, Executive Director, Group Chief Financial Officer/Chief Operating Officer (Member AC)
3. Robin Sheppard
4. Edward Pysden, Non-Executive Director (Member RC)
5. David Landless, Non-executive Director (Member RC & AC)
6. Patrick Kennedy, Advisory Board member in 2020, Non-executive Director since September 2021
7. Stephen Withnell, Advisory Board member in 2020, Non-executive Director since September 2021
8. Chris Tinsley, Company Secretary since 2010

Board and Committee Meetings Attendance

Meetings in 2021	Number of meetings	Attending board members
Board	5	7/7
Remuneration Committee	3	3/3
Audit Committee	2	2/2

By order of the board

Christopher Sheppard
Director

Sirius House
Delta Crescent
Westbrook
Warrington
WA5 7NS
30 May 2022

Directors' report

Dividend

Dividends paid during the financial year totalled £1m (2020: £1m).

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		
Patrick Kennedy	Non-Executive Director	Appointed 23 September 2021
Stephen Withnell	Non-Executive Director	Appointed 23 September 2021
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
30 May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the Group and parent Company 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 the Group's 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 LIMITED

Opinion

We have audited the financial statements of Ausurus Group Limited ("the Company") for the year ended 31 December 2021 which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the 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 2021 and of the Group's profit 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").

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSURUS GROUP LIMITED (continued)

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries;
- the risk that revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to revenue or cash where the other side of the entry was posted to an unexpected account.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, environmental protection law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSURUS GROUP LIMITED (continued)

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
- 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 11, 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.

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.

Liam Finnigan

Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St. Peter's Square
Manchester
M2 3AE
30th May 2022

Consolidated Profit and Loss Account and Other Comprehensive Income
for year ended 31 December 2021

	Note	2021 £m	2020 (restated, see note 32) £m
Turnover	*2*	**4,695**	2,779
Cost of sales		**(3,625)**	(2,152)
Gross profit		**1,070**	627
Distribution costs		**(360)**	(224)
Administrative expenses		**(490)**	(397)
Other operating income	*3*	**39**	23
Operating profit before goodwill amortisation		**266**	41
Goodwill amortisation	*10*	**(7)**	(12)
Operating profit	*4*	**259**	29
Other interest receivable and similar income	*7*	**4**	3
Interest payable and similar charges	*8*	**(12)**	(16)
Profit before taxation		**251**	16
Tax on profit	*9*	**(24)**	(6)
Profit after tax before goodwill amortisation		**234**	22
Goodwill amortisation	*10*	**(7)**	(12)
Profit for the financial year		**227**	10
Other comprehensive income/(loss)			
Foreign exchange differences on translation of foreign operations	*25*	**1**	(7)
Remeasurement of net defined benefit liability	*23/25*	**(1)**	-
Other comprehensive profit/(loss) for the year, net of income tax		**-**	(7)
Total comprehensive profit for the year		**227**	3
Profit or loss attributable to			
Shareholders of the parent company		**218**	16
Non-controlling interest		**9**	(6)
Total profit		**227**	10
Total comprehensive income attributable to			
Shareholders of the parent company		**218**	9
Non-controlling interest		**9**	(6)
Total comprehensive income		**227**	3

See note 32 in respect of the restatements.

The notes on pages 23 to 60 form part of the financial statements.

Consolidated Balance Sheet
at 31 December 2021

	Note		**2021**	2020 (restated, see note 32)	
		£m	**£m**	£m	£m
Fixed assets					
Intangible assets - goodwill	*10*	**13**		20	
Tangible assets	*11*	**463**		469	
Investment properties	*12*	**11**		9	
Investments					
Equity investments	*13*	**30**		14	
			517		512
Current assets					
Stocks	*14*	**408**		312	
Debtors (including £10m (2020: £10m) due after more than one year)	*15*	**395**		255	
Cash at bank and in hand	*16*	**59**		36	
		862		603	
Creditors: amounts falling due within one year	*17*	**(443)**		(303)	
Net current assets			**419**		300
Total assets less current liabilities			**936**		812
Creditors: amounts falling due after more than one year	*18*	**(193)**		(290)	
Provisions for liabilities					
Other provisions	*22*	**(20)**		(22)	
Pensions and similar obligations	*23*	-		-	
			(213)		(312)
Net assets			**723**		500
Capital and reserves					
Called up share capital	*25*		-		-
Merger reserve			**8**		8
Other reserves			**2**		5
Profit and loss account			**785**		568
Total shareholders' equity			**795**		581
Non-controlling interest			**(72)**		(81)
Total equity			**723**		500

See note 32 in respect of the restatements.
These financial statements were approved by the board of directors on 30 May 2022 and were signed on its behalf by:

Christopher Sheppard
Director
Company registered number: 09123549
The notes on pages 23 to 60 form part of the financial statements.

Company Balance Sheet
at 31 December 2021

	Note	**2021 £m**	**£m**	2020 £m	£m
Fixed assets					
Tangible assets	*11*	**2**		3	
Investments	*13*	**29**		29	
			31		32
Current assets					
Debtors (including £nil (2020: £nil) due after more than one year)	*15*	**36**		22	
		36		22	
Creditors: amounts falling due within one year	*17*	**(8)**		-	
Net current assets			**28**		22
Total assets less current liabilities			**59**		54
Creditors: amounts falling due after more than one year	*18*		**(3)**		(51)
Net assets			**56**		3
Capital and reserves					
Called up share capital	*25*		**-**		-
Profit and loss account			**56**		3
Shareholders' funds			**56**		3

These financial statements were approved by the board of directors on 30 May 2022 and were signed on its behalf by:

Christopher Sheppard
Director

Company registered number: 09123549

The notes on pages 23 to 60 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	Non-controlling interest £m	Total equity £m
Balance at 1 January 2020 (as previously reported)	-	8	2	2	562	574	-	574
Effect of prior year restatement	-	-	-	-	(2)	(2)	(75)	(77)
Balance at 1 January 2020 (restated, see note 32)	-	8	2	2	560	572	(75)	497
Total comprehensive income for the year								
Profit for the year (restated, see note 32)	-	-	-	-	16	16	(6)	10
Other comprehensive income (see note 25)	-	-	-	-	(7)	(7)	-	(7)
Total comprehensive income for the year (restated, see note 32)	-	-	-	-	9	9	(6)	3
Hedging profit	-	-	-	1	-	1	-	1
Transactions with owners, recorded directly in equity								
Dividends paid	-	-	-	-	(1)	(1)	-	(1)
Total contributions by and distributions to owners	-	-	-	-	(1)	(1)	-	(1)
Balance at 31 December 2020 (restated, see note 32)	-	8	2	3	568	581	(81)	500

See note 32 in respect of the restatements.

The notes on pages 23 to 60 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 & loss account £m	Total shareholders' equity £m	Non-controlling interest £m	Total equity £m
Balance at 1 January 2020 (restated, see note 32)	-	8	2	3	568	**581**	(81)	**500**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	218	**218**	9	**227**
Other comprehensive income (see note 25)	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	218	**218**	9	**227**
Hedging loss	-	-	-	(3)	-	**(3)**	-	**(3)**
Transactions with owners, recorded directly in equity								
Dividends paid	-	-	-	-	(1)	**(1)**	-	**(1)**
Total contributions by and distributions to owners	-	-	-	-	(1)	**(1)**	-	**(1)**
Balance at 31 December 2021	-	**8**	**2**	-	**785**	**795**	**(72)**	**723**

See note 32 in respect of the restatements.

The notes on pages 23 to 60 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 2020	-	9	9
Total comprehensive profit for the year			
Profit for the year	-	(5)	(5)
Other comprehensive income (see note 25)	-	-	-
Total comprehensive profit for the year	-	(5)	(5)
Dividend paid	-	(1)	(1)
Balance at 31 December 2020	**-**	**3**	**3**

The notes on pages 23 to 60 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 2021	-	3	3
Total comprehensive loss for the year			
Profit for the year	-	54	54
Other comprehensive income (see note 25)	-	-	-
Total comprehensive income for the year	-	54	54
Dividends paid	-	(1)	(1)
Balance at 31 December 2021	-	56	56

The notes on pages 23 to 60 form part of the financial statements.

Consolidated Cash Flow Statement
for year ended 31 December 2021

	Note	2021	2020 (restated, see note 32)
		£m	£m
Cash flows from operating activities			
Profit for the year		**227**	10
Adjustments for:			
Depreciation, amortisation and impairment		**63**	70
Change in value of investment property		**(2)**	-
Foreign exchange differences		**-**	6
Change in value of equity investment		**(16)**	(8)
Interest receivable and similar income		**(4)**	(3)
Interest payable and similar charges		**12**	16
Gain on sale of tangible fixed assets		**-**	(2)
Taxation		**24**	6
(Increase)/ decrease in trade and other debtors		**(140)**	12
Increase in stocks		**(96)**	(60)
Increase in trade and other creditors		**102**	5
Increase in provisions and employee benefits		**-**	4
Defined benefit contributions paid		**-**	-
Dividends paid		**(1)**	(1)
Interest paid		**(12)**	(16)
Tax paid		**(12)**	(3)
Net cash from operating activities		**145**	36
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		**5**	2
Interest received		**4**	3
Acquisition of tangible fixed assets		**(43)**	(32)
Net cash used in investing activities		**(34)**	(27)
Cash flows from financing activities			
Proceeds from new loans		**-**	16
Repayment of borrowings		**(116)**	(18)
Net cash used in financing activities		**(116)**	(2)
Net increase in cash and cash equivalents		**(5)**	7
Cash and cash equivalents at 1 January		**36**	29
Cash and cash equivalents at 31 December	*16, 19*	**31**	36

See note 32 in respect of the restatements.

The notes on pages 23 to 60 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 was 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 consider to be appropriate for the following reasons.

The Group is funded by a combination of its own cash resources and credit facilities with separate designated facilities for certain elements of the Group. In forming their conclusions in respect of the going concern basis of preparation the Directors therefore consider each of these separable elements and their designated facilities and the ability to operate within them.

- The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the group and Company will have sufficient funds to meet its liabilities as they fall due for that period. In forming this conclusion the Directors have considered the possible impact of global events outside of the control of the Group and determined that there is sufficient headroom in respect of facilities and covenants to withstand significant downside scenarios.
- The Group has been compliant on all covenants throughout the period and is forecasted to remain compliant under the base case and stress test models.
- The Group refinanced during 2021 and all key existing credit facilities are committed and have a remaining duration of more than one year.
- The Group has generated a positive cash flow from operating activities and has been profitable during 2021. The Group has continued to remain profitable in Q1 2022 and the outlook for the full year is positive.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern (continued)

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 2021.

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.

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.

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.

Equity investments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised through the profit and loss account.

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 buildings 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 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.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.14 Impairment excluding stocks and deferred tax assets (continued)

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.

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.15 Employee benefits (continued)

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.

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

When appropriate, 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.19 Expenses (continued)

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.

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 unless the Directors consider it probable that 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

	2021 £m	2020 (restated) £m
Net gain on disposal of tangible fixed assets	**3**	-
Other operating income	**20**	15
Gain on remeasurement of investments to fair value	**16**	8
	39	23

4 Expenses and auditor's remuneration

Included in the profit and loss account are the following:

	2021 £m	2020 (restated) £m
Depreciation and other amounts written off tangible fixed assets - group	**56**	59
Amortisation of goodwill – subsidiaries	**7**	12
Hire of plant and machinery – operating leases	**13**	10
Hire of other assets – operating leases	**16**	17

Auditor's remuneration:

	2021 £000	2020 £000
Audit of these financial statements	**12**	10
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**806**	765
Other services	**17**	27

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:

	2021 No.	2020 (restated) No.
United Kingdom	**1,985**	1,849
Europe	**212**	204
USA	**1,497**	1,497
Other	**4**	4
	3,698	3,554

The aggregate payroll costs in respect of these persons:

	2021 £m	2020 (restated) £m
Wages and salaries	**172**	129
Social security costs	**20**	22
Other pension costs	**8**	6
	200	157

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

	2021 £000	2020 £000
Directors' emoluments	**3,280**	2,009
Amounts receivable under long term incentive schemes	**2,729**	573
Company contributions to money purchase pension schemes	**7**	12
	6,016	2,594

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £3,320,000 (2020: £1,214,000). Retirement benefits accrued to two directors (2020: two) under a money purchase scheme during the year.

7 Other interest receivable and similar income

	2021 £m	2020 (restated) £m
Interest receivable on financial assets at amortised cost	**4**	3
Net interest income on defined benefit pension plan assets	**-**	-
Interest receivable from associates and joint ventures	**-**	-
Total interest receivable and similar income	**4**	3

Notes *(continued)*

8 Interest payable and similar charges

	2021 £m	2020 (restated) £m
Interest payable on financial liabilities at amortised cost	7	9
Net interest expense on defined benefit pension liabilities	-	-
Other interest and charges	5	7
Total interest payable and similar charges	12	16

9 Taxation

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

	2021 £m	2021 £m	2020 £m	2020 £m
Current tax				
Current tax on income for the period	18		3	
Adjustments in respect of prior periods	2		1	
Overseas tax	6		-	
Total current tax expense		26		4
Deferred tax (see note 21)				
Deferred tax charge	-		-	
Origination and reversal of timing differences	2		2	
Impact of rate change	(2)		-	
Adjustments in respect of prior periods	(2)		-	
Total deferred tax charge/(credit)		(2)		2
Total tax expense		24		6

	2021 Current tax £m	2021 Deferred tax £m	2021 Total tax £m	2020 Current tax £m	2020 Deferred tax £m	2020 Total tax £m
Recognised in the profit and loss account	26	(2)	24	4	2	6
Total tax charge/(credit)	26	(2)	24	4	2	6

Analysis of current tax recognised in profit and loss:

	2021 £m	2020 £m
UK corporation tax	26	4

Notes *(continued)*

9 Taxation *(continued)*

Reconciliation of effective tax rate:

	2021 £m	2020 (restated) £m
Profit for the year	227	10
Total tax expense	24	6
Profit before taxation	251	16
Tax using the UK corporation tax rate of 19% (2020: 19%)	47	3
Effect of tax rates in foreign jurisdictions	5	-
Change in rate of tax	(2)	(1)
Non-deductible expenses/(Non-taxable income)	(4)	1
Movement in deferred tax not recognised	(21)	3
Under provided in prior years	(1)	-
Total tax expense included in profit or loss	24	6

The UK corporation tax rate for 2021 is 19% (2020: 19%). In the 2021 Budget released on 3 March 2021, the Government announced its intention to increase the corporation tax rate from 19% to 25% which is effective from 1 April 2023. This was substantively enacted on 24 May 2021 therefore the deferred tax asset as at 31 December 2021 has been calculated at the prevailing rate of the expected unwind of the deferred tax asset.

10 Intangible fixed assets – goodwill

Group

	£m
Cost	
Balance at 1 January 2021	368
Effect of movements in foreign exchange	2
Balance at 31 December 2021	370
Amortisation and impairment	
Balance at 1 January 2021	348
Amortisation for the year	7
Effect of movements in foreign exchange	2
Balance at 31 December 2021	357
Net book value	
At 1 January 2021	20
At 31 December 2021	**13**

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

The company holds no intangible assets in the current or prior year.

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
Cost					
Balance at 1 January 2021 (restated)	344	28	2	720	1,094
Additions	3	-	-	50	53
Acquisitions	-	-	-	2	2
Disposals	(3)	-	-	(44)	(47)
Effect of movements in foreign exchange	1	-	-	-	1
Balance at 31 December 2021	345	28	2	728	1,103
Depreciation and impairment					
Balance at 1 January 2021 (restated)	92	9	2	522	625
Depreciation charge for the year	14	1	-	41	56
Disposals	(1)	-	-	(41)	(42)
Effect of movements in foreign exchange	1	-	-	-	1
Balance at 31 December 2021	106	10	2	522	640
Net book value					
At 1 January 2021 (restated)	252	19	-	198	469
At 31 December 2021	**239**	**18**	**-**	**206**	**463**

The Group's freehold property includes land of £128m (2020 restated: £127m) which is not depreciated. Plant and machinery includes assets in the course of construction amounting to £64m (2020 restated: £49m), which is not depreciated. All other assets are depreciated. At 31 December 2021, the net carrying amount of plant and machinery leased under finance leases was £37m (2020 restated: £28m).

Company

	Plant and machinery £m	Total £m
Cost		
Balance at 1 January 2021	5	5
Balance at 31 December 2021	5	5
Depreciation and impairment		
Balance at 1 January 2021	2	2
Depreciation charge for the year	1	1
Balance at 31 December 2021	**3**	**3**
Net book value		
At 1 January 2021	3	3
At 31 December 2021	**2**	**2**

Notes *(continued)*

12 Investment Properties

	2021 £m
Balance at 1 January 2021	9
Disposals	-
Revaluation	2
Balance at 31 December 2021	11

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 5.0% - 5.9%.

The company holds no investment properties.

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Notes *(continued)*

13 Fixed asset investments

Group

	Equity investments £m	Total £m
Cost		
At beginning of year (restated)	14	14
Gain on remeasurement of investments to fair value	16	16
At end of year	30	30
Net book value		
At 1 January 2021 (restated)	14	14
At 31 December 2021	**30**	**30**

Company

	Shares in group undertakings £m
Cost and net book value	
At 1 January and 31 December 2021	29

The undertakings in which the Group and Company held an interest at the year end are detailed in note 31.

Notes *(continued)*

14 Stocks

Group

	2021	2020 (restated)
	£m	£m
Raw materials	**405**	308
Consumables	**3**	4
	408	312

The Company had £nil stocks at 31 December 2021 (2020: £nil).

15 Debtors

	Group 2021 £m	Group 2020 (restated) £m	**Company 2021 £m**	Company 2020 £m
Trade Debtors	**291**	159	-	-
Amounts owed by group undertakings	-	-	**33**	20
Other debtors	**56**	47	**1**	1
Deferred tax assets (see note 21)	**11**	9	**1**	-
Other financial assets (see note 20)	**3**	5	-	-
Prepayments and accrued income	**34**	35	**1**	1
	395	255	**36**	22
Due within one year	**385**	245	**36**	22
Due after more than one year: Amounts owed by undertakings in which the entity has a participating interest	**10**	10	-	-
	395	255	**36**	22

Included in trade debtors is accrued income of £99m (2020: £67m) related to trade sales not yet invoiced.

16 Cash and cash equivalents

	2021	2020 (restated)
	£m	£m
Cash at bank and in hand per the consolidated balance sheet	**59**	36

Notes *(continued)*

17 Creditors: amounts falling due within one year

	Group 2021 £m	Group 2020 (restated) £m	**Company 2021 £m**	Company 2020 £m
Bank loans and overdrafts (see note 19)	**28**	7	**-**	-
Trade creditors	**252**	190	**1**	-
Taxation and social security	**21**	9	**-**	-
Accruals and deferred income	**131**	81	**7**	-
Other financial liabilities (see note 20)	**1**	7	**-**	-
Finance leases	**10**	9	**-**	-
	443	303	**8**	-

Included in trade creditors are accruals of £227m (2020: £170m) related to trade purchases for which invoices have not yet been received.

18 Creditors: amounts falling after more than one year

	Group 2021 £m	Group 2020 (restated) £m	**Company 2021 £m**	Company 2020 £m
Amounts owed to group undertakings	**-**	-	**-**	49
Shares classified as debt (see note 25)	**3**	2	**3**	2
Bank loans and overdrafts (see note 19)	**165**	268	**-**	-
Finance leases	**25**	20	**-**	-
	193	290	**3**	51

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

	2021 Number	**2021 £m**	2020 Number	2020 £m
Allotted, called up and fully paid				
"B" Ordinary shares of 1p each	**42,600**	**-**	42,600	-

The "B" Ordinary shares represent a compound financial instrument, of which the liability component's value is £3m (2020: £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 2021 £m	Group 2020 £m	**Company 2021 £m**	Company 2020 £m
Creditors falling due within less than one year				
Bank borrowings and overdrafts	**28**	-	-	-
Secured loans and loan notes	-	7	-	-
	28	7	-	-
Creditors falling due more than one year				
Bank borrowings and overdrafts	**98**	201	-	-
Secured loans and loan notes	**67**	67	-	-
	165	268	-	-

Borrowings at 31 December 2021
As at 31 December 2021, the Group had the following borrowings:

- *Revolving credit facility - UK.* The Group has an agreement for a £195m revolving credit facility. This was amended in November 2021 and is committed through to March 2025 after a one year extension was triggered in April 2022.

- *Asset-based lending facility - EU.* This is a committed facility with an expiry date of January 2024, with two one-year extension options. It is subject to a maximum drawdown of €90m.

- *Asset-based lending facility - US.* This is a committed facility with an expiry date of June 2026 (amended and extended in 2021). 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 $300m.

- *Term loan facility - UK.* This is a committed, stand-alone facility with an expiry date of July 2024. A 2 year extension of the term loan was agreed during 2021. There is also a one year extension option that has not yet been triggered. The agreed loan balance is £57.5m.

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 the UK revolving credit facility.

Notes *(continued)*

20 Other financial (assets)/liabilities

	Group 2021 £m	Group 2020 £m	**Company 2021 £m**	Company 2020 £m
Amounts falling due within one year				
Derivative financial instruments measured at fair value through profit or loss	**1**	7	**-**	-
Derivative financial instruments measured at fair value and designated in an effective hedging relationship	**(3)**	(5)	**-**	-
	(2)	2	**-**	-

21 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

Group	**Assets 2021 £m**	Assets 2020 £m	**Liabilities 2021 £m**	Liabilities 2020 £m	**Net 2021 £m**	Net 2020 £m
Decelerated capital allowances	**12**	12	**-**	-	**12**	12
Other timing differences	**-**	-	**(1)**	(3)	**(1)**	(3)
Net tax assets/ (liabilities)	**12**	12	**(1)**	(3)	**11**	9

In addition to the net deferred tax asset above, the Group has additional unrecognised gross tax losses of £314m (2020 restated: £448m). In line with the Group's accounting policy these are not recognised as the Directors do not consider it probable that they can be utilised in the future (note 30) within the relevant territory and entity.

In the 2021 Budget released on 3 March 2021, the Government announced its intention to increase the corporation tax rate from 19% to 25% which is effective from 1 April 2023. This was substantively enacted at the year end therefore the deferred tax been calculated at the prevailing tax rate of the expected unwind of the deferred tax asset.

Notes *(continued)*

22 Other provisions

Group

	£m
Balance at 1 January 2021 (restated)	22
Provisions charged/(utilised) during the year	(2)
Balance at 31 December 2021	**20**

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.

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 (2020: £2m).

Contributions amounting to £nil were payable to the scheme at the year-end (2020: £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 closed in April 2021. The assets of the scheme are administered by trustees in a fund independent from the assets of the Group.

Net pension asset:

	Group 2021 £m	Group 2020 £m
Defined benefit obligation	**(50)**	(52)
Plan assets	**59**	55
Net pension asset	**9**	3

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

Notes *(continued)*

23 Employee benefits *(continued)*

Movements in present value of defined benefit obligation:

	Group 2021 £m	Group 2020 £m
At 1 January 2021	**52**	51
Current service cost	**-**	1
Curtailment gain	**(1)**	-
Interest expense	**1**	1
Re-measurement: actuarial losses	**-**	2
Benefits paid	**(2)**	(3)
At 31 December 2021	**50**	52

Movements in fair value of plan assets:

	Group 2021 £m	Group 2020 £m
At 1 January 2021	**55**	54
Re-measurement: return on plan assets less interest income	**6**	4
Benefits paid	**(2)**	(3)
At 31 December 2021	**59**	55

Expense recognised in the Group profit and loss account:

	2021 £m	2020 £m
Current service cost	**-**	1
Curtailment gain	**(1)**	-
Net interest on net defined benefit liability	**-**	-
Total (income)/ expense recognised in the profit and loss account	(1)	1

The curtailment gain in the year arises from the closure of the pension scheme and has been recognised in employer pension costs in the group's profit and loss account.

Notes *(continued)*

23 Employee benefits *(continued)*

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

	Group 2021 £m	Group 2020 £m
Diversified growth	**38**	35
Gilts and bonds	**21**	20
	59	55
Actual return on plan assets	**6**	3

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

	Group	
	2021 %	2020 %
Discount rate	**1.70**	1.25
Expected rate of return on plan assets	**1.70**	1.25
Expected return on plan assets at beginning of the period	**1.25**	2.05
Future salary increases	**n/a**	3.20
Rate of price inflation - RPI	**3.70**	3.20
Rate of price inflation – CPI	**3.10**	2.60
Rate of LPI 5% pension increases based on RPI	**3.60**	3.05
Rate of LPI 3% pension increases based on RPI	**2.75**	2.40
Rate of LPI 3% pension increases based on CPI	**2.55**	2.10
Rate of LPI 2.5% pension increases based on RPI	**2.40**	2.20

The last full actuarial valuation was performed on 5 April 2019. As the Scheme closed to future accrual from 5 April 2021, there was no requirement to take an assumption of the future expected salary increases.

In valuing the liabilities of the pension fund at 31 December 2021, 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: 21 years (male), 24 years (female).
- Future retiree upon reaching 65: 23 years (male), 25 years (female).

The mortality rate is based on publicly available mortality tables for the UK. COVID-19 has caused a short-term increase in deaths in the UK but the excess deaths to date have not generally had a material impact on UK pension scheme liabilities. The future impact of COVID-19 on long term mortality improvements is currently uncertain. Overall, the Company believes there is insufficient evidence to require an explicit adjustment to the mortality assumption for COVID-19 at this time.

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 schemes, on the grounds of materiality in the Group accounts.

Notes *(continued)*

24 Finance Leases

The future minimum lease payments are as follows:

	Group 2021 £m	Group 2020 (restated) £m
Within one year	**11**	9
Later than one year and not later than five years	**26**	20
Later than 5 years	**-**	2
Total gross payments	**37**	31
Less: finance charges	**(2)**	(2)
Carrying amount of liability	**35**	29

25 Capital and reserves

Share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
10,000,000 (2020: 10,000,000) "A" Ordinary shares of 1p each	**100**	100
42,600 (2020: 42,600) "B" Ordinary shares of 1p each	**-**	-
	100	100
Shares classified in shareholders' funds	**100**	100
Shares classified as financial liabilities	**-**	-
	100	100

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

2020

Group	**Total other comprehensive Income/(loss) £m**
Foreign exchange differences on translation of foreign operations (restated)	(7)
Remeasurement of net defined benefit liability	-
Total other comprehensive loss	(7)

2021

Group	**Total other comprehensive income/(loss) £m**
Foreign exchange differences on translation of foreign operations	1
Remeasurement of net defined benefit liability	(1)
Total other comprehensive income/(loss)	-

The Company had no other comprehensive income or losses in the year ended 31 December 2021 (2020: £nil).

Notes *(continued)*

26 Financial instruments - Group

26(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	Note	2021 £m	2020 (restated) £m
Derivative financial instruments – (liabilities)/assets measured at fair value through profit or loss			
Forward commodity contracts	*17*	**(1)**	(7)
Derivative financial instruments – assets/(liabilities) measured at fair value and designated in an effective hedging relationship			
Forward currency contracts and currency swaps	*15*	**3**	5
Assets measured at amortised cost			
Trade receivables	*15*	**291**	159
Other receivables	*15*	**56**	47
Liabilities measured at amortised cost			
Secured loans and loan notes	*19*	**(67)**	(74)
Bank borrowings	*19*	**(126)**	(201)
Trade creditors	*17*	**(252)**	(190)

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 2021, the fair value of the forward foreign currency contracts is an asset of £2,035,000 (2020: £4,568,000 asset) and all of the outstanding contracts mature within five months (2020: 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 2021, the fair value of the forward commodity contracts is a liability of £1,061,000 (2020: £6,966,000 liability) and all of the outstanding contracts mature within one year (2020: one year).

The Group enters into foreign currency swaps to manage its short term foreign currency position. At 31 December 2021, the fair value of the currency swaps is an asset of £1,153,000 (2020: £601,000 asset) and all of the outstanding contracts mature within two months (2020: one month).

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

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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:

	2021						2020					
	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 and swaps:												
Assets	**3**	**3**	**3**	**-**	**-**	**-**	5	5	5	-	-	-
	3	**3**	**3**	**-**	**-**	**-**	5	5	5	-	-	-

Notes *(continued)*

27 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group 2021 £m	2020 (restated) £m	Company 2021 £m	2020 £m
Less than one year	**26**	24	**-**	-
Between one and five years	**57**	64	**-**	-
More than five years	**85**	99	**-**	-
	168	187	**-**	-

During the year, £29m was recognised as an expense in the profit and loss account in respect of operating leases (2020 restated: £27m).

28 Capital commitments

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

	Group 2021 £m	2020 (restated) £m	Company 2021 £m	2020 £m
Contracted	**28**	5	**-**	-

29 Related parties

All key management personnel are also directors of the entity and therefore no separate key management personnel disclosures are made.

Notes *(continued)*

30 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.

Judgements

Control assessment

Judgement is required when determining whether the Group has control over entities in which it has an ownership stake of less than 100% to determine the level of control or influence the group can exercise over those investee companies and the consequential accounting treatment for those entities in the financial statements as outlined in the accounting policies of the group in note 1.3. In forming these conclusions the Directors have considered whether they have the right to govern the financial and operating policies of the investee company. In making this judgement they considered the most significant activities of the entities and whether rights over those activities were substantive or protective in nature. In the current year a reassessment in respect of control of two of the group's investee companies has led to the retrospective change in presentation as outlined in note 32.

Estimates

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 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.

Stock provisioning (note 14)

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.

Deferred taxation (note 21)

The Group considers whether potential deferred tax assets relating to losses previously accumulated should be recognised on the balance sheet. Such assets are recognised only when it is deemed probable that they can be utilised in the future.

Notes *(continued)*

31 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
Subsidiary undertakings				
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 LP *11	USA	Metal recycler	-	87%
Auto Shred Recycling LLC *12	USA	Dormant company	-	100%
Automotive 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 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)*

31 Group entities *(continued)*

	Country of incorporation	Principal activity	Class and percentage of shares held Company	Group
Subsidiary undertakings (continued)				
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%
GMY Enterprises LLC *14	USA	Metal recycler	-	100%
GMY Ltd *14	USA	Metal recycler	-	100%
GNR Operations Inc *14	USA	Metal recycler	-	100%
GNR Recycling LP *14	USA	Metal recycler	-	100%
Evinco Stevedoring LLC *13	USA	Metal recycler	-	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%
Joseph Holloway Limited *1	United Kingdom	Transport 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 USA1 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)*

31 Group entities *(continued)*

	Country of incorporation	Principal activity	Class and percentage of shares held	
			Company	Group
Subsidiaries undertakings (continued)				
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%
Recource Recycling LLC *12	USA	Dormant company	-	100%
Southern Recycling LLC *12	USA	Metal recycler	-	100%
Atlas Traders, LLC *13	USA	Metal recycler	-	50%
Auto Recycling Real Estate, Inc *13	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%
Delco Metals Inc *13	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%
Girard Point Corp *13	USA	Metal recycler	-	50%
The Auto Store of Egg Harbor LLC *13	USA	Metal recycler		50%
Innovative Recovery Products, LLC *13	USA	Metal recycler	-	50%
L&L Acquisition Company *13	USA	Metal recycler	-	50%
L&L Waste Disposal & Metal Recycling Inc. *13	USA	Metal recycler	-	50%
Preston Terminals Inc *13	USA	Metal recycler	-	50%
R. Kelly Freedman Holding Group, LLC *13	USA	Holding company	-	50%
R Fanelle & Sons Inc *13	USA	Metal recycler	-	50%
Rhino Recycling Inc *13	USA	Metal recycler	-	50%
SPC Corporation *13	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%
Vineland Processing Inc *13	USA	Metal recycler	-	50%
Joint ventures				
EMR / Smith Industries LLC *13	USA	Holding company	-	50%

Notes *(continued)*

31 Group entities *(continued)*

	Country of incorporation	Principal activity	Class and percentage of shares held Company	Class and percentage of shares held Group
Equity investments				
1751 Kenilworth Land, LLC *18	USA	Property company	-	50%
Allegany Scrap, Inc. *18	USA	Metal recycler	-	50%
Beaver Heights Associates, LLC *18	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%
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%
Denton Scrap Metal Recycling *18	USA	Metal recycler	-	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%
Harrisonburg Land, LLC *18	USA	Property company	-	50%
Hayden Auto Service Inc *18	USA	Metal recycler	-	50%
Henderson Land, LLC *18	USA	Property company	-	50%
Henderson Scrap Metal Inc *18	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%
Kenilworth Recovery Systems, LLC *18	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%
Prince Georges Scrap, Inc. *18	USA	Metal recycler	-	50%
Prince William Metal Recycling, Inc *18	USA	Metal recycler	-	50%
R.P. Smith Properties, LLC *18	USA	Property company	-	50%
Recovermat Mid-Atlantic LLC *18	USA	Metal recycler	-	50%
Recycling Properties LLC *18	USA	Property company	-	50%
Ritchie Road Land, LLC *18	USA	Property company	-	50%
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	Holding company	-	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%

Notes *(continued)*

31 Group entities *(continued)*

	Country of incorporation	Principal activity	Class and percentage of shares held Company	Class and percentage of shares held Group
Equity investments (continued)				
Smith CRI, LLC *18	USA	Metal recycler	-	50%
Smith Industries, Inc. *18	USA	Holding company	-	50%
Smith Railroad Company Inc *18	USA	Transport company	-	50%
Somerset Scrap Metal, Inc *18	USA	Metal recycler	-	50%
Springfield Scrap Metal Inc *18	USA	Metal recycler	-	50%
Stafford Scrap Metal Inc *18	USA	Metal recycler	-	50%
US Electronics Land LLC *18	USA	Property company	-	25%
US Electronics, LLC *18	USA	Metal recycler	-	25%
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%
Winchester Land, LLC *18	USA	Property company	-	50%
Woodbridge Metal Recycling Inc *18	USA	Metal recycler	-	50%
Baltimore Western Marine Terminal LLC *19	USA	Metal recycler	-	25%
Cohen Recycling, Inc. *20	USA	Metal recycler	-	25%
Delmar Industries, LLC *22	USA	Property company	-	50%
Dover Scrap Metal Inc *22	USA	Metal recycler	-	50%
Hartly Land, LLC *22	USA	Property company	-	50%
Halethorpe Farms Land Inc. *23	USA	Property company	-	50%
Kent Land, LLC *22	USA	Property company	-	50%
Kent Scrap Metal, Inc. *22	USA	Metal recycler	-	50%
RPM Realty LLC *22	USA	Property company	-	45%
Smith Export Terminal, Inc. *22	USA	Metal recycler	-	50%
Sussex Scrap Metal, Inc. *22	USA	Metal recycler	-	50%
Wilmington Metal Recycling Inc *24	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: 192020, 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 2nd Street, Minneapolis, MN 55411*
**12 registered office: 3636 S. I-10 Service Road W., Suite 101, Metairie, LA 70001*
**13 registered office: 201 North Front Street, Camden, NJ 08102*
**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*

The directors are of the opinion that there is no ultimate controlling party.

Notes *(continued)*

32 Prior year adjustment

The financial statements include prior year adjustments. Following a review of the degree of control that the Group has over the underlying entities of a joint venture, management have concluded that these investments should be accounted for as follows:
(a) One of the entities is now consolidated as a subsidiary (previously considered to be a Joint Venture with the Group recognising a 50% share of net liabilities).
(b) The other entity is now presented as an equity investment (previously considered to be a Joint Venture and impaired to nil).

It should be noted that, as a result of the restatement, no additional external debt has been taken on by the Group. The effect of the restatement on the Group's comparative figures is set out below:

Profit and Loss	As previously reported £m	See (a) £m	See (b) £m	As restated £m
Turnover	2,436	343	-	2,779
Cost of sales	(1,900)	(252)	-	(2,152)
Gross profit	536	91	-	627
Distribution costs	(179)	(45)	-	(224)
Administrative expenses	(347)	(50)	-	(397)
Other operating income	15	-	8	23
Operating profit before goodwill amortisation	37	(4)	8	41
Goodwill amortisation	(12)	-	-	(12)
Operating profit	25	(4)	8	29
Group's share of loss in joint ventures	(8)	6	2	-
Other interest receivable and similar income	10	(7)	-	3
Interest payable and similar charges	(15)	(1)	-	(16)
Profit before taxation	12	(6)	10	16
Tax on profit	(6)	-	-	(6)
Profit after tax before goodwill amortisation	18	(6)	10	22
Goodwill amortisation	(12)	-	-	(12)
Profit for the financial year	6	(6)	10	10
Other comprehensive income/(loss)				
Foreign exchange differences on translation of foreign operations	(7)	-	-	(7)
Remeasurement of net defined benefit liability	-	-	-	-
Other comprehensive profit/(loss) for the year	(7)	-	-	(7)
Total comprehensive profit/(loss) for the year	(1)	(6)	10	3
Profit or loss attributable to				
Shareholders of the parent company	6	-	10	16
Non-controlling interest	-	(6)	-	(6)
Total profit	6	(6)	10	10
Total comprehensive income attributable to				
Shareholders of the parent company	(1)	-	10	9
Non-controlling interest	-	(6)	-	(6)
Total comprehensive income/(loss)	(1)	(6)	10	3

Notes *(continued)*

32 Prior year adjustment (continued)

Balance Sheet	As previously reported £m	See (a) £m	See (b) £m	As restated £m
Fixed assets				
Intangible assets - goodwill	20	-	-	20
Tangible assets	432	37	-	469
Investment properties	9	-	-	9
Investments				
Investments in joint ventures	(75)	75	-	-
Other investments	-	-	14	14
	386	112	14	512
Current assets				
Stocks	265	47	-	312
Debtors (including £10m (2020: £10m) due after more than one year)	467	(211)	-	255
Cash at bank and in hand	33	3	-	36
	765	(162)	-	603
Creditors: amounts falling due within one year	(268)	(35)	-	(303)
Net current assets	497	(197)	-	300
Total assets less current liabilities	883	(85)	14	812
Creditors: amounts falling due after more than one year	(290)	-	-	(290)
Provisions for liabilities				
Other provisions	(20)	(2)	-	(22)
Pensions and similar obligations	-	-	-	-
	(310)	(2)	-	(312)
Net assets	573	(87)	14	500
Capital and reserves				
Called up share capital	-	-	-	-
Merger reserve	8	-	-	8
Other reserves	5	-	-	5
Profit and loss account	560	(6)	14	568
Total shareholders' equity	573	(6)	14	581
Non-controlling interest	-	(81)	-	(81)
Total equity	573	(87)	14	500

Notes *(continued)*

32 **Prior year adjustment** (continued)

The group accounts also include a restatement of cash flows related to the acquisition of fixed assets which have been reduced by £17m and movement in creditors which has reduced by a corresponding amount.

Cash Flow statement	As previously reported £m	Restatements £m	As restated £m
Cash flows from operating activities			
Profit for the year	6	4	10
Adjustments for:			
Depreciation, amortisation and impairment	63	7	70
Change in value of investment property	-	-	-
Foreign exchange differences	2	4	6
Change in value of equity investment	-	(8)	(8)
Interest receivable and similar income	(10)	7	(3)
Interest payable and similar charges	15	1	16
Gain on sale of tangible fixed assets	(2)	-	(2)
Losses/(Gains) from joint ventures and associates	8	(8)	-
Taxation	6	-	6
Increase in trade and other debtors	(15)	27	12
Increase in stocks	(31)	(29)	(60)
Increase in trade and other creditors	7	(2)	5
Increase in provisions and employee benefits	3	1	4
Defined benefit contributions paid	-	-	-
Dividends paid	(1)	-	(1)
Interest paid	(15)	(1)	(16)
Tax paid	(3)	-	(3)
Net cash from operating activities	33	3	36
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets	2	-	2
Interest received	10	(7)	3
Acquisition of tangible fixed assets	(40)	8	(32)
Net cash used in investing activities	(28)	1	(27)
Cash flows from financing activities			
Proceeds from new loans	16	-	16
Repayment of borrowings	(17)	(1)	(18)
Net cash used in financing activities	(1)	(1)	(2)
Net increase in cash and cash equivalents	4	3	7
Cash and cash equivalents at 1 January	29	-	29
Cash and cash equivalents at 31 December	33	3	36

Notes *(continued)*

32 **Prior year adjustment** (continued)

The effect of the restatement on the Group's opening reserves as at 1 January 2020, is set out below:

Total Equity	As previously reported £m	See (a) £m	See (b) £m	As restated £m
Total shareholders' equity	574	(6)	4	572
Non-controlling interest	-	(75)	-	(75)
Opening total equity	574	(81)	4	497