

REAL ALLOY UK HOLDCO LTD.

Report and Financial Statements

31 December 2016

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COMPANIES HOUSE

REAL ALLOY UK HOLDCO Ltd

Registered No. 09329747

Directors

R Barr
M Hobey
C Griffin

Auditors

Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Bankers

Barclays Bank
Swansea Business Centre
Pocketts Wharf
Swansea
SA1 3YN

Registered office

Real Alloy UK Holdco Ltd
Westfield Industrial Park
Waunarlwydd
Swansea
SA5 4SF

Directors' report

The directors who served the company during the year were as follows:

R Barr
M Hobey
C Griffin

Environment

Real Alloy UK Holdco Limited recognises the importance of the environment in which it operates and takes this extremely seriously. The company operates within group policies and monitors its impact on the environment and local community continuously, striving for improvements in health, safety, and environmental impact.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



R. Barr
Director

Date: 26/9/17

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Real Alloy UK Holdco Ltd

We have audited the financial statements of Real Alloy UK Holdco Ltd for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report (continued)

to the members of Real Alloy UK Holdco Ltd

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' Report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Director's Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies' exemptions in not preparing the Strategic Report.

Ernst & Young LLP

Ken Griffin (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

Date: *28 September 2017*

Statement of comprehensive income

for the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Dividend Income		-	1,978
Administrative expenses		(3)	(5)
Operating Loss	2	(3)	1,973
Interest payable and similar expenses	4	(483)	(882)
Loss on ordinary activities before taxation		(486)	1,091
Tax	5	136	138
Loss for the financial year		(350)	1,229
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		(350)	1,229

All amounts relate to continuing activities.

Statement of changes in equity

for the year ended 31 December 2016

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
At 1 January 2016	1	4,249	1,229	5,479
Share premium arising on share issue	-	6,748	-	6,748
Loss for the year	-	-	(350)	(350)
At 31 December 2016	1	10,997	879	11,877

Balance sheet

As at 31 December 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Investments	6	20,613	13,865
Current assets			
Other debtors	7	274	138
Creditors: amounts falling due within one year	8	(9,010)	(8,524)
Net current liabilities		(8,736)	(8,386)
Total assets less current liabilities		11,877	5,479
Net assets		11,877	5,479
Capital and reserves			
Called up share capital	9	1	1
Share premium		10,997	4,249
Profit and loss account		879	1,229
Shareholders' funds		11,877	5,479

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



R. Barr
Director

Date: 26/9/17

Notes to the financial statements

As at 31 December 2016

1. Accounting policies

Statement of compliance and basis of preparation

Real Alloy UK Holdco Limited is a limited liability company registered in England and Wales. Its registered office is Westfield Industrial Park, Waunarlwydd, Swansea, SA5 4SF. The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2016.

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the Company and rounded to the nearest £'000.

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Real Industry Inc., and is included in the publicly available consolidated financial statements of that company. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under FRS 102 (section 1).

The company is also exempt under FRS102 (section 33) from disclosing related party transactions with wholly owned entities that are part of the Real Industry Inc. group.

Investments in subsidiaries

All investments in subsidiaries are held at cost less impairment charges (if any). The cost of investments in subsidiaries includes expenditure that is directly attributable to the costs of acquiring subsidiary companies.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Critical accounting judgments and estimation uncertainties

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Notes to the financial statements

As at 31 December 2016

2. Operating profit

This is stated after charging

	2016	2015
	£000	£000
Auditors' remuneration	3	5

3. Directors' remuneration

The directors of the company are also directors of other companies in the Real Industry Inc. group. The directors' total emoluments for the year is borne by other entities, and they do not believe that it is practicable to apportion this between their services as directors of the company and their services as directors of the fellow companies.

4. Interest payable and similar income

	2016	2015
	£000	£000
Interest payable to group companies	(679)	(686)
Unrealised foreign exchange losses	196	(196)
	<u>(483)</u>	<u>(882)</u>

5. Tax

(a) Analysis of tax charge for the year

	2016	2015
	£000	£000
<i>Current tax:</i>		
UK corporation tax - current	(136)	(138)
Tax on profit on ordinary activities	<u>(136)</u>	<u>(138)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	—	—
Tax on profit on ordinary activities	<u>(136)</u>	<u>(138)</u>

Notes to the financial statements

As at 31 December 2016

5. Tax (continued)

(b) Factors affecting the total tax charge for the year

The tax charge for the year differs from the standard rate of corporation tax in the UK of 20%.

The differences are explained below:

	2016 £000	2015 £000
Loss on ordinary activities before tax	(486)	1,091
Taxation on ordinary activities multiplied by standard rate of corporation tax in the UK of 20%	(96)	218
<i>Effects of:</i>		
Income not taxable	—	(396)
Deferred tax not recognised	(40)	40
Total tax credit for the year	(136)	(138)

(c) Deferred taxation

No deferred tax asset has been recognised in the balance sheet as the recognition criteria of FRS 102 have not been met. The total potential deferred tax asset not recognised comprises:

	2016 £000	2015 £000
Losses carried forward	—	40

(d) Factors affecting the future tax charge

The UK corporation tax rate decreased from 21% to 20% from 1 April 2015. Further reductions to the UK corporation tax rate have been announced that will have an impact on the future tax charges. A change in the corporation tax rate to 17% from 1 April 2020 had been enacted at the balance sheet date.

Consequently the deferred tax has been calculated using a tax rate of 17%.

Notes to the financial statements

As at 31 December 2016

6. Investments

	2016 £000	2015 £000
Investments in subsidiary undertakings	20,613	13,865

The company has investments in the following subsidiary undertakings:

<i>Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Proportion of ordinary share capital held by the company</i>
Real Alloy UK AcquireCo Ltd.	United Kingdom	100%
Real Alloy UK Ltd.	United Kingdom	100%

During the year, the company made a further capital contribution of €8 million to Real Alloy UK AcquireCo. Ltd.

7. Other debtors

	2016 £000	2015 £000
Withholding tax recoverable	274	138
	<u>274</u>	<u>138</u>

8. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts payable to group companies	9,002	8,519
Accruals and deferred income	8	5
	<u>9,010</u>	<u>8,524</u>

9. Issued share capital

	No.	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>			
Ordinary shares of £1 each	1,000	<u>1</u>	<u>1</u>

On 7 December 2016, the company issued one new share of £1 to its immediate parent company, Real Alloy UK Holdco Limited for the equivalent of €8 million, resulting in additional share premium of £6,748k.

Notes to the financial statements

As at 31 December 2016

10. Ultimate parent undertaking and controlling party

In the directors' opinion the ultimate parent undertaking and controlling party is Real Alloy Holding Inc., a company incorporated in the United States of America and listed on NASDAQ. The company's immediate parent undertaking is Real Alloy Holding, Inc., a company incorporated in the United States of America.

The smallest and largest group of which the company is a member and for which consolidated accounts are prepared is that headed by Real Industry, Inc. Copies of the group financial statements can be obtained from the parent company's website, <http://realindustryinc.com/>