

# **REAL ALLOY UK HOLDCO LTD.**

## **Report and Financial Statements**

31 December 2017



# REAL ALLOY UK HOLDCO Ltd

Registered No. 09329747

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## **Directors**

R Barr

T J Hogan

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 - resigned 31 May 2018

C Griffin

T Hogan was appointed as a director on 31 May 2018

On 31<sup>st</sup> May 2018, Real Alloy Holding Inc. and its subsidiaries was acquired from Elah Holdings, Inc. (formerly known as Real Industry, Inc.) by RA Parent, Inc., pursuant to a plan for Real Industry, Inc. to emerge from its US Chapter 11 bankruptcy proceedings. As a result of this sale, Real Alloy UK Holdco Limited has become part of a privately held group.

### 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: 6/9/18

## 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**

## **Opinion**

We have audited the financial statements of Real Alloy UK Holdco Limited for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

# **Independent auditors' report**

**to the members of Real Alloy UK Holdco Ltd (continued)**

## **Opinions on other matters 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; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to take advantage of the small companies' exemption in not preparing a Strategic Report.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Independent auditors' report

to the members of Real Alloy UK Holdco Ltd (continued)

### Use of our report

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.

*Ernst & Young LLP*

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

Date: *12 September 2018*

## Statement of comprehensive income

for the year ended 31 December 2017

	Notes	2017 £000	2016 £000
Administrative expenses		(3)	(3)
<b>Operating Loss</b>	2	(3)	(3)
Interest payable and similar expenses	4	(673)	(483)
<b>Loss on ordinary activities before taxation</b>		(676)	(486)
Tax	5	131	136
<b>Loss for the financial year</b>		(545)	(350)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss for the year, net of tax</b>		(545)	(350)

All amounts relate to continuing activities.

## Statement of changes in equity

for the year ended 31 December 2017

	Share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
At 1 January 2016	1	10,997	1,229	12,227
Loss for the year	-	-	(350)	(350)
At 1 January 2017	1	10,997	879	11,877
Loss for the year	-	-	(545)	(545)
At 31 December 2017	1	10,997	334	11,332



## Balance sheet

As at 31 December 2017

	Notes	2017 £000	2016 £000
<b>Fixed assets</b>			
Investments	6	20,613	20,613
<b>Current assets</b>			
Other debtors	7	406	274
<b>Creditors: amounts falling due within one year</b>	8	(9,687)	(9,010)
<b>Net current liabilities</b>		(9,281)	(8,736)
<b>Total assets less current liabilities</b>		11,332	11,877
<b>Net assets</b>		11,332	11,877
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Share premium		10,997	10,997
Profit and loss account		334	879
<b>Shareholders' funds</b>		11,332	11,877

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



R. Barr  
Director

Date: 6/9/18

## Notes to the financial statements

As at 31 December 2017

### 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 2017.

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 was 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 2017

### 2. Operating loss

This is stated after charging

	2017	2016
	£000	£000
Auditors' remuneration	3	3

### 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

	2017	2016
	£000	£000
Interest payable to group companies	(673)	(679)
Unrealised foreign exchange losses	–	196
	<u>(673)</u>	<u>(483)</u>

### 5. Tax

(a) Analysis of tax charge for the year

	2017	2016
	£000	£000
Current tax:		
Group relief receivable	(131)	(136)
Adjustment in respect of prior years	(1)	–
Current tax on loss on ordinary activities	<u>(132)</u>	<u>(136)</u>
Deferred tax	–	–
Total tax on loss on ordinary activities	<u>(132)</u>	<u>(136)</u>

## Notes to the financial statements

As at 31 December 2017

### 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 19.25% (2016 – 20%). The differences are explained below:

	2017 £000	2016 £000
Loss on ordinary activities before tax	<u>(676)</u>	<u>(486)</u>
Taxation on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 – 20%).	(130)	(96)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(2)	–
Deferred tax not recognised	–	(40)
Total tax credit for the year	<u>(132)</u>	<u>(136)</u>

*(c) Factors affecting the future tax charge*

The UK corporation tax rate decreased from 20% to 19% from 1 April 2017. 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.

### 6. Investments

	2017 £000	2016 £000
Investments in subsidiary undertakings at cost	<u>20,613</u>	<u>20,613</u>

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%

## Notes to the financial statements

As at 31 December 2017

### 7. Other debtors

	2017 £000	2016 £000
Amounts owed by group undertaking	406	274
	<u>406</u>	<u>274</u>

### 8. Creditors: amounts falling due within one year

	2017 £000	2016 £000
Amounts payable to group companies	9,684	9,002
Accruals and deferred income	3	8
	<u>9,687</u>	<u>9,010</u>

### 9. Issued share capital

	No.	2017 £000	2016 £000
<i>Allotted, called up and fully paid</i>			
Ordinary shares of £1 each	1,000	<u>1</u>	<u>1</u>

### 10. Ultimate parent undertaking and controlling party

In the directors' opinion the ultimate parent undertaking and controlling party at the balance sheet date was Real Industry, Inc., a company incorporated in the United States of America and which has subsequently changed its name to Elah Holdings, Inc. 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 were prepared was that headed by Real Industry, Inc. Copies of the group financial statements are contained in the parent company's annual 10K filing which can be obtained online at [www.sec.gov](http://www.sec.gov)

On 31<sup>st</sup> May 2018, the company was acquired by RA Parent, Inc., a privately owned company.