

Registered number: 03551533

# AALCO METALS LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021



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**AALCO METALS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	R W Colburn S A Hussey A Roberts C Meredith A J Howitt
<b>Company secretary</b>	M Hale
<b>Registered number</b>	03551533
<b>Registered office</b>	Parkway House Unit 6 Parkway Industrial Estate Pacific Avenue Wednesbury West Midlands WS10 7WP
<b>Independent auditor</b>	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

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**AALCO METALS LIMITED**

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**AALCO METALS LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their report and the financial statements for the year ended 31 December 2021.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting 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 to 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.

**Results and dividends**

The profit for the year, after taxation, amounted to £41,231,329 (2020: £12,345,217).

The directors did not recommend the payment of a dividend (2020: £Nil).

**Directors**

The directors who served during the year were:

R W Colburn  
S A Hussey  
A Roberts  
C Meredith  
A J Howitt

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## AALCO METALS LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Financial risk management objectives and policies

The Company uses a variety of financial instruments including cash, borrowings, 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 provide working capital for the Company's operations.

The directors are of the view that the main risks arising from the Company's financial instruments are liquidity risk, market risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies remain unchanged from previous years.

#### *Liquidity risk*

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved through support from the parent company.

#### *Market risk*

The Company is exposed to transactional foreign exchange risk. Transactional exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Fluctuations in metal prices are reviewed on a regular basis and taken into consideration when placing purchase orders and setting the selling price of the Company's stock range.

#### *Credit risk*

The Company's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set a policy of monitoring exposure with customers based on a combination of payment history and third party credit references. Exposure levels are reviewed by senior management on a regular basis.

#### Qualifying third party indemnity provisions

The Company has maintained directors' and officers' liability insurance in respect of its directors.

#### Energy and carbon emissions

The Group doesn't have the tools in place to accurately measure the data required to disclose the Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR) in relation to Aalco Metals Limited. The directors are considering their options in order to be able to comply with this requirement in the future.

#### Matters covered in the Strategic Report

The business review, principal risks and uncertainties, financial key performance indicators and employee consultation and disabled employees are not included in the Directors Report as they are included in the Strategic Report as required under S414c of the Companies Act.

#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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**AALCO METALS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Auditor**

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**A Roberts**  
Director

Date: 27<sup>th</sup> June 2022

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## AALCO METALS LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Principal activities

The principal activity of the Company during the year was metal stockholding. The Company trades through 18 service centres around the country that offer local stock to meet the immediate needs of customers in the local area, supplemented by bulk stocks held at a central warehouse.

#### Business review and future development

The profit for the year, after taxation, amounted to £41,231,329 (2020: £12,345,217). The directors have not recommended a dividend (2020: £Nil).

Various key performance indicators are used by the directors to monitor and compare the performance of the Company. They regard the following as the key financial indicators of performance, all of which can be observed in the attached financial statements.

- Turnover increased to £469.9 million (2020: £333.4 million)
- Profit before tax increased to £48.3 million (2020: £15.0 million)
- Net assets increased to £243.3 million (2020: £189.8 million)
- Average number of employees reduced to 665 (2020: 783)

The directors of the Company are not satisfied with the results for the year. Whilst gross profit increased compared to 2020, operating expenses have been subject to inflationary pressures, with some investment for future growth. To provide a platform for sustainable growth and to negate the impact of the specific risks and uncertainties identified on this page, the Company will continue to implement operational efficiency improvements, thereby enhancing productivity and reducing operating expenses.

The statement of comprehensive income includes an FRS 102 adjustment relating to the defined benefit pension scheme deficit, calculated by the scheme actuary. The net movement on the defined benefit pension scheme deficit for the year is a reduction in the deficit by £17.0m (2020: increase of £4.0m), details of which are contained within note 20 to the financial statements.

#### Principal risks and uncertainties

The principal risks and uncertainties of the Company are fluctuations in raw material prices, movements in exchange rates, credit risk arising from trade debtors, continuing political instability, changes in government legislation and costs of complying with excessive and burdensome government regulation.

Whilst the Company takes action to mitigate the principal risks, where possible, there are specific risks and uncertainties outside of its control that could impact on the future financial performance of the Company. Specific examples of such risks relate to government imposed levies, which could result in a significant increase in the operating costs of the Company and a subsequent reduction in profitability and capital available for future reinvestment with no net benefit to the Company or the nation.

The Company seeks to manage foreign exchange risks through the judicious use of forward currency contracts and has a rigorous and effective system of controls in place to manage and mitigate the risks associated with trade debtors, as detailed in the directors' report on page 2. The Company has procedures in place to mitigate the potential adverse effect of Brexit on the supply chain.

The ultimate parent company is privately held, as is the Company, and the directors are of the opinion that the requirement to publish private accounts is a violation of both the spirit and law under United Kingdom right to privacy legislation.

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## AALCO METALS LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Going concern

The directors of the parent undertaking, Amari Metals Limited, having carefully considered all pertinent matters including the cash reserves of the Group, are satisfied that the Company and Group is a going concern and that sufficient funds are available for a period of at least twelve months from the date of signing these financial statements. The Group treasury function is available to the parent and all companies in the Group; the directors of this Group accordingly continue to prepare the financial statements on the going concern basis.

#### Directors' statement Section of compliance with duty to promote the success of the Company (Section 172(1) statement)

The directors act in good faith in making decisions from which the expected outcomes are considered to be most likely to promote the success of the Company for the benefit of its members in the long term. In performing their duties, the directors make a good faith assessment of the potential consequence on various stakeholders.

#### Employees and the environment

The directors are committed to promoting a safe working environment for its staff, protecting the wellbeing of all employees. The directors keep staff informed of key commercial, operational and personnel matters through structured internal communication channels. Training and development opportunities are provided where they are considered of benefit to the Company and its employees.

The Company has measures in place to monitor its impact on the local community and the environment and the directors maintain a policy of compliance towards all relevant regulatory environmental standards.

#### Employee consultation and disabled employees

Recruitment policies are designed to ensure equal opportunity of employment. Appropriate consideration is given to disabled applicants in offering employment, training and career development.

Good communications and relations with employees are maintained, mainly by practices developed in each operating unit compatible with its own particular circumstances. Senior management are kept informed of group developments in certain financial, commercial, strategic and personnel matters as needed, and are thereby enabled to inform and discuss with employees as appropriate at the individual operating units.

#### Customers

The directors commit considerable resources to servicing the needs of our customers to the highest possible standard with a view to building long term relationships.

#### Suppliers

A core value of the Company is a strict adherence to paying all suppliers within agreed terms.

This report was approved by the board and signed on its behalf.



**A Roberts**  
Director

Date: 27<sup>th</sup> June 2022

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## AALCO METALS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AALCO METALS LIMITED

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#### Opinion

We have audited the financial statements of Aalco Metals Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, 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, including Financial Reporting Standard 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 state of the Company's affairs as at 31 December 2021 and of its profit 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. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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## AALCO METALS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AALCO METALS LIMITED (CONTINUED)

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#### 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 contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Qualified opinion on other matters prescribed by the Companies Act 2006

Except for the matters set out in the basis for qualified opinion below, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

#### Basis for Qualified Opinion on other matter prescribed by the Companies Act 2006

As set out in page 2 of the Directors' report, the financial statements do not include the Statement of carbon emissions in compliance with the Streamlined Energy and Carbon Reporting disclosures required by company law as the Group does not have adequate records to capture this information.

#### 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 Strategic report or the Directors' report.

Except for the matter described above 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.

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## AALCO METALS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AALCO METALS LIMITED (CONTINUED)

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#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 1, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the Company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, Environmental protection legislation, Health and safety legislation, Taxation legislation and Employment legislation.

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.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be in the following areas: timing of recognition of income; the override of controls by management, including posting of unusual journals; inappropriate treatment of non-routine transactions and areas of estimation uncertainty; and manipulating the Company's key performance indicators to meet management targets.

Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, review and discussion of non-routine transactions, sample testing on the posting of journals and income transactions and review of accounting estimates for biases.

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**AALCO METALS LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF AALCO METALS LIMITED (CONTINUED)**

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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. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Use of our report**

This report is made solely to the Company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.



Dave Darlaston (Senior statutory auditor)

for and on behalf of  
**Crowe U.K. LLP**

Statutory Auditor

Black Country House  
Rounds Green Road  
Oldbury  
West Midlands  
B69 2DG

Date: 7 July 2022

**AALCO METALS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	469,923,581	333,364,215
Change in stocks of finished goods and work in progress		47,674,620	(17,461,564)
Other operating income	5	473,579	2,077,317
Raw materials and consumables		(385,367,647)	(244,521,587)
Other external charges		(33,648,088)	(27,150,016)
Staff costs	8	(49,592,291)	(29,842,629)
Depreciation and amortisation	12	(669,534)	(825,764)
<b>Operating profit before tax</b>	6	<b>48,794,220</b>	<b>15,639,972</b>
Interest income		-	11,511
Other finance income	20	(501,000)	(694,000)
<b>Profit before tax</b>		<b>48,293,220</b>	<b>14,957,483</b>
Tax on profit	11	(7,061,891)	(2,612,266)
<b>Profit for the financial year</b>		<b>41,231,329</b>	<b>12,345,217</b>
<b>Other comprehensive income for the year</b>			
Actuarial gains/(losses) on defined benefit pension scheme	20	16,018,000	(4,718,000)
Movement of deferred tax relating to pension deficit	20	(3,721,420)	896,420
<b>Other comprehensive income for the year</b>		<b>12,296,580</b>	<b>(3,821,580)</b>
<b>Total comprehensive income for the year</b>		<b>53,527,909</b>	<b>8,523,637</b>

The notes on pages 13 to 32 form part of these financial statements.

**AALCO METALS LIMITED**  
**REGISTERED NUMBER: 03551533**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	12	1,634,560	1,850,548
<b>Current assets</b>			
Stocks	13	93,621,872	45,947,252
Debtors: amounts falling due after more than one year	14	5,723,500	7,403,165
Debtors: amounts falling due within one year	14	302,573,739	259,759,296
Cash at bank and in hand		26,406,603	17,801,753
		<u>428,325,714</u>	<u>330,911,466</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	15	(161,201,734)	(101,018,724)
<b>Net current assets</b>		<u>267,123,980</u>	<u>229,892,742</u>
<b>Total assets less current liabilities</b>		<u>268,758,540</u>	<u>231,743,290</u>
<b>Provisions for liabilities</b>			
Other provisions	17	(2,584,579)	(2,140,238)
Pension liability	20	(22,894,000)	(39,851,000)
<b>Net assets</b>		<u>243,279,961</u>	<u>189,752,052</u>
<b>Capital and reserves</b>			
Called up share capital	18	131,500,002	131,500,002
Profit and loss account		111,779,959	58,252,050
		<u>243,279,961</u>	<u>189,752,052</u>

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



**A Roberts**  
 Director

Date: 27<sup>th</sup> June 2022

The notes on pages 13 to 32 form part of these financial statements.

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**AALCO METALS LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2020</b>	<b>131,500,002</b>	<b>49,728,413</b>	<b>181,228,415</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	12,345,217	12,345,217
Other comprehensive income for the year	-	(3,821,580)	(3,821,580)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>8,523,637</b>	<b>8,523,637</b>
<b>At 1 January 2021</b>	<b>131,500,002</b>	<b>58,252,050</b>	<b>189,752,052</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	41,231,329	41,231,329
Other comprehensive income for the year	-	12,296,580	12,296,580
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>53,527,909</b>	<b>53,527,909</b>
<b>At 31 December 2021</b>	<b>131,500,002</b>	<b>111,779,959</b>	<b>243,279,961</b>

The notes on pages 13 to 32 form part of these financial statements.

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## AALCO METALS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1. General information

The Company is a private company limited by shares incorporated and registered in England and Wales, registration number 03551533.

The registered office is Parkway House, Unit 6 Parkway Industrial Estate, Pacific Avenue, Wednesbury, West Midlands, WS10 7WP.

The principal activity of the Company during the year was metal stockholding. The Company trades through 18 service centres around the country that offer local stock to meet the immediate needs of customers in the local area, supplemented by bulk stocks held at a central warehouse.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Amari Metals Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

##### 2.3 Going concern

The directors of the parent undertaking, Amari Metals Limited, having carefully considered all pertinent matters including the cash reserves of the Group, are satisfied that the Company and Group is a going concern and that sufficient funds are available for a period of at least twelve months from the date of signing these financial statements. The Group treasury function is available to the parent and all companies in the Group; the directors of this Group accordingly continue to prepare the financial statements on the going concern basis.

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**AALCO METALS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

**2.5 Turnover**

Turnover shown in the income statement represents the total invoice value of goods and services supplied during the year, exclusive of Value Added Tax.

Turnover is recognised when the risks and rewards of ownership have been transferred after all of the following criteria are met:

- persuasive evidence of an arrangement exists;
- delivery had occurred or services have been rendered;
- the seller's price to the buyer is fixed and determinable; and
- collectability is reasonably assured.

Turnover is recognised prior to delivery of goods, where there is an underlying contract with the customer meeting the definition of a "bill and hold" arrangement. In these situations, turnover is recognised once the principle benefits and risks have passed to the customer; in particular that the goods are available and ready for delivery, and that payment has been received from the customer and therefore legal title of the stock has passed.

**2.6 Operating leases**

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

**2.7 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

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**AALCO METALS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.8 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

**Defined benefit pension plan**

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

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**AALCO METALS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.9 Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current and deferred tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

**2.10 Interest income**

Interest receivable is accounted for in the period to which the interest relates.

**2.11 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold Property	- 10% to 50%
Improvements	
Plant, Equipment and Motor Vehicles	- 10% to 50%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets under construction are capitalised and then, when ready and available for their intended use, transferred to the relevant fixed asset category and depreciated accordingly.

**2.12 Stocks**

Stocks are valued at the lower of either cost or net realisable value after making due allowance for obsolete and slow moving stocks. Cost is based on the cost of purchase on a weighted average basis.

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**AALCO METALS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.13 Provisions**

**Dilapidations**

Under certain operating leases for land and buildings, the Company is obligated to make repairs of dilapidations to the leased property upon the expiry of the lease. The Company charges amounts to the income statement so that, by the end of the lease, a total provision is accrued that is estimated to be equal to the future costs of those dilapidation obligations. Where repairs are made part way through the lease that will reduce the estimated costs of the dilapidation obligations at the expiry of the lease, the costs of those repairs are charged against the dilapidation provision.

**2.14 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Debtors**

Short-term debtors are measured at transaction price, less any impairment.

**Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

**Creditors**

Short-term creditors are measured at the transaction price.

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## AALCO METALS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

##### 3.1 Critical judgements in applying the Company's accounting policies

###### Trade debtors

Management applies judgement in evaluating the recoverability of debtors. After taking into account the insurance policy in effect of these debtors, full provision is made for all debts that the Company, acting prudently, feel that the probability of recovery is low, subject to a line-by-line review on an ongoing basis. To the extent that the directors believe debtors not to be recoverable, they have been provided for in the financial statements.

###### Stocks

Management applies judgement in evaluating stock for obsolescence. This judgement is based principally on stock age and management's knowledge of the stocks customers demand. At each balance sheet date, stocks are assessed for impairment and written down where appropriate.

##### 3.2 Key accounting estimates and assumptions

###### Pension and other post-employment benefits

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Management estimates these factors in determining the net pension obligation in the balance sheet. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

Being part of a multi-employer defined benefit scheme, the Company is unable to identify its individual share of the underlying assets and liabilities in the Amari Metals Limited Pension Scheme. The directors consider that there is no contractual agreement or stated policy for charging the net defined benefit costs between the group companies headed by Amari Metals Limited and therefore, as the largest sponsoring employer, Aalco Metals Limited has accounted for the scheme as a defined benefit scheme. Further details are given in note 20 to the financial statements.

###### Provisions

Provision is made for dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. Dilapidation provisions have been estimated using historical costs and lease exit rates, the provisions are built up over the term of the lease and average lease term to expiry.

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**AALCO METALS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**4. Turnover**

The whole of the turnover is attributable to the principal activity of the Company. A geographical analysis of turnover is as follows:

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	453,046,647	323,912,466
Rest of Europe	16,575,336	9,077,794
Rest of the World	301,598	373,955
	<u>469,923,581</u>	<u>333,364,215</u>

**5. Other operating income**

	2021 £	2020 £
Pension scheme contributions	470,415	397,246
Government grants received	3,164	1,680,071
	<u>473,579</u>	<u>2,077,317</u>

The pension scheme contribution above represents contributions, by other group companies, to the defined benefit pension scheme liability recognised within the Company's balance sheet.

**6. Operating profit**

The operating profit is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of tangible fixed assets	669,534	825,764
Exchange differences	8,603	(15,838)
Other operating lease rentals - plant and machinery	301,438	583,151
Other operating lease rentals - land and buildings	4,664,180	4,432,474
Profit on disposal of fixed assets	(100,665)	(5,699)
	<u>669,030</u>	<u>4,820,852</u>

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**AALCO METALS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**7. Auditor's remuneration**

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>81,650</u>	<u>77,250</u>
<b>Fees payable to the Company's auditor in respect of:</b>		
Taxation compliance services	7,950	7,725
Other accounting services	2,650	2,575
	<u>10,600</u>	<u>10,300</u>

**8. Employees**

Staff costs, excluding directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	43,698,094	26,087,677
Social security costs	5,099,255	2,475,640
Cost of defined contribution scheme	794,942	1,279,312
	<u>49,592,291</u>	<u>29,842,629</u>

The average monthly number of employees, excluding the directors, during the year was 665 (2020: 783).

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**AALCO METALS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**9. Directors' remuneration**

	2021 £	2020 £
Directors' emoluments	1,762,254	554,787
Company contributions to defined contribution pension schemes	13,129	13,029
	<u>1,775,383</u>	<u>567,816</u>

During the year retirement benefits were accruing to 3 directors (2020 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,270,589 (2020: £390,729).

The value of the Company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £8,511 (2020: £8,419).

**10. Other finance costs**

	2021 £	2020 £
Interest income on pension scheme assets	1,505,000	2,064,000
Net interest on net defined benefit liability	(2,006,000)	(2,733,000)
Past service cost	-	(25,000)
	<u>(501,000)</u>	<u>(694,000)</u>

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**AALCO METALS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**11. Taxation**

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	8,808,080	2,775,446
Adjustments in respect of previous periods	11,807	(185,682)
	<u>8,819,887</u>	<u>2,589,764</u>
Group taxation relief	109,392	666,911
<b>Total current tax</b>	<u><u>8,929,279</u></u>	<u><u>3,256,675</u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	556,854	77,466
Deferred tax in respect of defined benefit pension scheme	(2,424,242)	(721,875)
<b>Total deferred tax</b>	<u><u>(1,867,388)</u></u>	<u><u>(644,409)</u></u>
<b>Taxation on profit</b>	<u><u>7,061,891</u></u>	<u><u>2,612,266</u></u>

**AALCO METALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**11. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit before tax	<u>48,293,220</u>	<u>14,957,483</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	9,175,712	2,841,922
<b>Effects of:</b>		
Expenses not deductible for tax purposes	18,555	18,002
Fixed asset timing differences	(832)	6,041
Adjustment to tax charge in respect of prior periods	11,807	481,229
Utilisation of group relief election	(67,895)	(14,653)
Other adjustments, reliefs and transfers	-	1,600
Remeasurement of deferred tax for changes in tax rates	(1,397,456)	(56,855)
Deferred taxation on deferred benefit pension scheme	(678,000)	(665,020)
<b>Total tax charge for the year</b>	<u><u>7,061,891</u></u>	<u><u>2,612,266</u></u>

**Factors that may affect future tax charges**

In March 2021 the UK Government announced an increase in the UK Corporation Tax headline rate to 25% with effect from 1 April 2023.

**AALCO METALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**12. Tangible fixed assets**

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Assets under construction £	Total £
<b>Cost or valuation</b>						
At 1 January 2021	3,262,131	13,831,088	2,709,154	1,671,491	-	21,473,864
Additions	89,524	173,680	76,167	26,544	96,416	462,331
Transfers intra group	-	920,786	1,553,019	-	-	2,473,805
Disposals	(18,411)	(772,604)	(294,774)	(34,549)	-	(1,120,338)
At 31 December 2021	<u>3,333,244</u>	<u>14,152,950</u>	<u>4,043,566</u>	<u>1,663,486</u>	<u>96,416</u>	<u>23,289,662</u>
<b>Depreciation</b>						
At 1 January 2021	2,194,796	13,279,564	2,699,055	1,449,901	-	19,623,316
Charge for the year on owned assets	258,169	288,929	13,548	108,888	-	669,534
Transfers intra group	-	908,861	1,553,019	-	-	2,461,880
Disposals	(18,411)	(751,894)	(294,774)	(34,549)	-	(1,099,628)
At 31 December 2021	<u>2,434,554</u>	<u>13,725,460</u>	<u>3,970,848</u>	<u>1,524,240</u>	<u>-</u>	<u>21,655,102</u>
<b>Net book value</b>						
At 31 December 2021	<u><u>898,690</u></u>	<u><u>427,490</u></u>	<u><u>72,718</u></u>	<u><u>139,246</u></u>	<u><u>96,416</u></u>	<u><u>1,634,560</u></u>
At 31 December 2020	<u><u>1,067,335</u></u>	<u><u>551,524</u></u>	<u><u>10,099</u></u>	<u><u>221,590</u></u>	<u><u>-</u></u>	<u><u>1,850,548</u></u>

**13. Stocks**

	2021 £	2020 £
Goods held for resale	<u><u>93,621,872</u></u>	<u><u>45,947,252</u></u>

A provision of £1,159,900 (2020: £1,884,000) has been recognised against the stock balance due to slow-moving and obsolete stock. The decrease in the provision of £724,100 (2020: increase of £487,186) has been recognised in the income statement.

**AALCO METALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**14. Debtors**

	2021 £	2020 £
<b>Due after more than one year</b>		
Deferred taxation (Note 16)	<u>5,723,500</u>	<u>7,403,165</u>
	2021 £	2020 £
<b>Due within one year</b>		
Trade debtors	89,252,226	60,808,264
Amounts owed by group undertakings	207,553,840	195,018,212
Other debtors	2,585,832	2,413,719
Prepayments and accrued income	1,903,709	708,251
Corporation tax recoverable	1,178,899	537,250
Deferred taxation	99,233	273,600
	<u>302,573,739</u>	<u>259,759,296</u>

A provision of £192,349 (2020: £98,717) has been recognised against trade debtors. The net increase of the provision of £93,632 (2020: net decrease of £115,446) has been recognised in the income statement.

**15. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Trade creditors	106,322,285	76,986,019
Amounts owed to group undertakings	12,823,429	7,468,557
Other taxation and social security	12,584,218	9,142,931
Other creditors	299,189	104,116
Accruals and deferred income	29,172,613	7,317,101
	<u>161,201,734</u>	<u>101,018,724</u>

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**AALCO METALS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**16. Deferred taxation**

	2021 £
At beginning of year	7,676,765
Credited to profit or loss	1,867,388
Charged to other comprehensive income	(3,721,420)
<b>At end of year</b>	<b><u>5,822,733</u></b>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	99,233	105,075
Defined benefit pension scheme liability	5,723,500	7,571,690
	<b><u>5,822,733</u></b>	<b><u>7,676,765</u></b>

**17. Provisions**

	Dilapidation provision £
At 1 January 2021	2,140,238
Charged to profit or loss	444,341
<b>At 31 December 2021</b>	<b><u>2,584,579</u></b>

The dilapidation provision represents obligations under tenancy leases and are expected to be utilised over the remaining lease terms.

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**AALCO METALS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**18. Share capital**

	2021	2020
	£	£
<b>Allotted, called up and fully paid</b>		
2 (2020: 2) Ordinary shares of £1.00 each	<b>2</b>	<b>2</b>
131,500,000 (2020: 131,500,000) Preference shares of £1.00 each	<b>131,500,000</b>	<b>131,500,000</b>
	<hr/> <b>131,500,002</b> <hr/>	<hr/> <b>131,500,002</b> <hr/>

Ordinary shares have full rights with regards to voting, participation and dividends.

The shares rank pari-passu with the exception that the redeemable preference shares have no dividend rights. The redeemable preference shares can be redeemed at par at any time, (at the option of the Company) having given not less than three months previous notice in writing. As such, these shares have been classified as equity.

On a return of capital on liquidation or otherwise, holders of redeemable preference shares are entitled to receive the amount paid up on such shares. This is in preference to any capital distribution made to ordinary shareholders.

**19. Contingent liabilities**

The Company is party to a group banking facility, including a cross guarantee, which has been advanced to the group of companies headed by Amari Metals Limited. Neither the group nor the Company have pledged assets as security for this facility.

The contingent liability under this arrangement, being the aggregate bank borrowings of the group, at 31 December 2021 and 31 December 2020 was £Nil.

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## AALCO METALS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 20. Pension commitments

##### Defined contribution scheme

The Company participates in a defined contribution pension scheme for the benefit of all enrolled UK employees. The assets of the scheme are administered by trustees in funds independent from those of the group.

The amount outstanding at the year end was £Nil (2020: £Nil).

##### Defined benefit scheme

The Company participates in a defined benefit scheme operated by the group of undertakings headed by Amari Metals Limited, for the benefit of all enrolled UK employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The contributions payable by the Company to the scheme during the year were £1,440,000 (2020: £1,440,000).

The Amari Metals Limited Pension Scheme was operated for the benefit of all enrolled UK employees of Amari Metals Limited, Aalco Metals Limited, Amari Copper Alloys Limited, Cashmores Metals Limited and Equinox International Limited commonly referred to as "the group". The group closed its defined benefit scheme to new members and future employee contributions on 30 September 2003. The scheme was also closed to future accrual benefits with effect from 30 September 2003. The Righton Pension scheme was acquired by the group on 31 March 2008 through the purchase of 100% of the share capital of Righton Limited (now Righton & Blackburns Limited). The defined benefit pension scheme was operated for the benefit of all enrolled UK employees of Righton Limited and was closed on 31 March 2005 to all future employee contributions.

With effect from 1 April 2010 a merger of the Righton Pension Scheme with the Amari Metals Limited Pension Scheme and the Amari Metals Limited DC Pension Scheme was agreed. The merger led to the majority of members of the Righton Pension Scheme transferring to the two schemes on 1 April 2010 along with all the assets of the Righton Pension Scheme that were designated to those members. All of these members became members of the Amari Metals Limited Pension Scheme or the Amari Metals Limited DC Pension Scheme on 1 April 2010.

The Righton Limited Pension Scheme was subsequently wound up. The assets of the scheme are administered by the trustees in funds independent from those of the group and invested directly on the advice of independent professional investment managers. The group will however continue to make contributions to the frozen defined benefit pension scheme in accordance with the advice of an independent actuary as to fulfil the pensions obligations in respect of members who have accrued benefits.

On 26 October 2018, the High Court of Justice in England and Wales handed down a judgement in a case relating to the equalisation of members benefits for the gender effects of Guaranteed Minimum Pensions ("GMP equalisation"). This created a precedent for other UK schemes with GMP's. As a result the group obtained an actuarial calculation to estimate the impact. An additional expense of £2,129,000 was recognised in the income statement in respect of past service costs relating to GMP equalisation in 2018.

The most recent actuarial valuation was at 31 March 2019 when the market value of the scheme assets were £102,214,000. The actuarial value of those assets was sufficient to cover 94% of the benefits that had accrued to members.

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AALCO METALS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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20. Pension commitments (continued)

Following the latest actuarial valuation, annual contributions of £1,440,000 per annum will be paid to the scheme, by the participating employers, in an effort to eliminate the deficit disclosed by 31 March 2026. The contribution levels are subject to review at future valuations.

Detailed disclosures in accordance with the provision of FRS 102 section 28 'Employee benefits' are set out below:

Reconciliation of present value of plan liabilities:

	2021 £	2020 £
At the beginning of the year	156,533,000	145,747,000
Interest cost	2,006,000	2,733,000
Actuarial gains/losses	3,415,000	11,901,000
Benefits paid	(3,677,000)	(3,520,000)
Past service cost	-	25,000
Transfers	(118,000)	-
Other	(543,000)	(353,000)
<b>At the end of the year</b>	<b>150,786,000</b>	<b>156,533,000</b>

Reconciliation of present value of plan assets:

	2021 £	2020 £
At the beginning of the year	116,682,000	109,868,000
Interest income	1,505,000	2,064,000
Actuarial gains/losses	12,603,000	7,183,000
Contributions	1,440,000	1,440,000
Benefits paid	(3,677,000)	(3,520,000)
Transfers	(118,000)	-
Other	(543,000)	(353,000)
<b>At the end of the year</b>	<b>127,892,000</b>	<b>116,682,000</b>

**AALCO METALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**20. Pension commitments (continued)**

Composition of plan assets:

	2021 £	2020 £
Equities	92,436,000	75,500,000
Bonds	9,225,000	8,264,000
Property	11,122,000	8,735,000
Cash	8,118,000	15,540,000
Gilts	-	973,000
Other	6,991,000	7,670,000
<b>Total plan assets</b>	<b>127,892,000</b>	<b>116,682,000</b>
	2021 £	2020 £
Fair value of plan assets	127,892,000	116,682,000
Present value of plan liabilities	(150,786,000)	(156,533,000)
<b>Net pension scheme liability</b>	<b>(22,894,000)</b>	<b>(39,851,000)</b>
	2021 £	2020 £
Interest on obligation	(2,006,000)	(2,733,000)
Interest income on plan assets	1,505,000	2,064,000
Past service cost	-	(25,000)
<b>Total</b>	<b>(501,000)</b>	<b>(694,000)</b>
Interest income	1,505,000	2,064,000
Return on assets less interest costs	12,603,000	7,183,000
	<b>14,108,000</b>	<b>9,247,000</b>

**AALCO METALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**20. Pension commitments (continued)**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	<b>2021</b>	<b>2020</b>
	%	%
Discount rate	<b>1.80</b>	1.30
Revaluation of deferred pension (non-GMP)	<b>3.40</b>	2.90
Pension increases: Limited Price Indexation	<b>3.30</b>	2.90
Pension increases: Limited Price Indexation (minimum 3% pa)	<b>3.70</b>	3.50
RPI Inflation (period prior to retirement)	<b>3.40</b>	2.90
RPI Inflation (period after retirement)	<b>3.40</b>	2.90
Mortality rates		
- for a male aged 65 now	<b>21.60</b>	21.60
- at 65 for a male aged 45 now	<b>22.60</b>	22.60
- for a female aged 65 now	<b>23.40</b>	23.30
- at 65 for a female member aged 45 now	<b>24.60</b>	24.50

The pre and post-retirement mortality assumptions used to value the benefit obligations at 31 December 2021 are based on the 102% S3PMA\_All/110% S3PFA\_All CMI\_2020\_M/F [1.00%] (2020: 102% S3PMA/110% S3PFA CMI\_2019\_M/F [1.00%] mortality table with reference to members' actual years of birth.

**21. Commitments under operating leases**

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>2021</b>	<b>2020</b>
	£	£
Not later than 1 year	<b>4,886,282</b>	4,581,255
Later than 1 year and not later than 5 years	<b>11,546,204</b>	11,343,249
Later than 5 years	<b>4,760,653</b>	5,177,350
	<b><u>21,193,139</u></b>	<b><u>21,101,854</u></b>

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**AALCO METALS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**22. Related party transactions**

During the year the Company made sales to metal distribution companies that are connected by virtue of common control of £7,828,479 (2020: £4,546,726) of which £2,760,599 (2020: £1,266,007) was outstanding at year end.

During the year the Company made purchases from metal distribution companies that are connected by virtue of common control of £179,460 (2020: £9,315). The directors consider that no material balances remain outstanding at the year end.

The Company has taken advantage of the exemption contained within section 33.1A of FRS 102 not to disclose transactions with wholly owned members of the same group.

**23. Controlling party**

At 31 December 2021 the ultimate parent company was Britannia Metals Holdings, Ltd., a company registered in the USA. From 3 January 2022 the ultimate parent undertaking was Britannia Metals Parent Company, a company also registered in the USA.

The largest and smallest group of which the Company is a member and for which group consolidated financial statements are drawn up is headed by Amari Metals Limited, the immediate parent company. Copies of these financial statements are available from Companies House.

The registered office of the immediate parent company is the same as the address of the Company as disclosed in note 1 of the accounts.