

Bridgnorth Aluminium Limited

Annual Report and Financial Statements
Registered Number 4155640
For the year ended 31 December 2022

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Strategic report

The directors present their strategic report for the year ended 31 December 2022.

Review of the business

In 2022 the demand conditions for the aluminium flat rolled products industry continued positively, but with a slow down towards the end of the year, which is continuing in to 2023. The Company continued its process to change its product mix and increases its sales into the rigid packaging and building and construction sectors, offsetting the decline in litho due to a customer plant closure at the end of 2021.

In terms of profitability, the Company was impacted by significant inflationary pressures for energy, freight and packaging materials. Compared to the previous year, the Company was able to pass on more of these cost pressures and was successful in implementing an energy price surcharge and a faster pass-through of inflationary freight costs, although there was nevertheless a lag between incurring the additional costs and transforming them into sales prices. This improvement of cost pass through compared to the previous year was the fundamental reason for the improvement in profitability, as sales and production volumes were broadly similar to 2021.

Following the invasion of Ukraine by Russia, there have been various restrictions and financial penalties towards use of Russian origin aluminium. The Company switched its supplies to alternative sources, and complied and continues to comply with the various restrictions in the different jurisdictions into which it sells.

The company's key financial performance indicators during the year were as follows:

	2022	2021	%
	£000	£000	Change
Turnover	368,305	277,060	33%
Gross Profit	23,407	10,998	113%
Operating Profit / (Loss)	5,687	(3,343)	-270%
Profit / (Loss) after tax	2,151	(5,010)	-143%
EBITDA	13,382	3,561	276%
Total Shareholders' Funds	94,208	91,988	2%
Net Debt / EBITDA	3.6	12.3	-71%

Turnover increased by 33% as a result of higher metal price during the year and sales volumes decreased by 3%. The gross profit margin increased from 4.0% to 6.4%. The operating profit margin increased from -1.2% to 1.5%.

EBITDA (Operating profit plus depreciation) amounted to £ 13,382,368 marking an increase of 276% (2021: £ 3,561,258) despite the pressure on the cost inputs: energy, labour, transport, packaging materials. This is mainly because of higher selling prices and the request of an energy surcharge from our customers during the year.

Net Debt (Bank loans and overdrafts less Cash and cash equivalents) is higher than the previous year due to working capital needs, while the leverage ratio is lower due to the increase in EBITDA.

The company continued to closely monitor and control working capital (inventory, trade debtors and trade creditors) during 2022, working capital as a percentage of sales was marginally decreased from 27.5% to 23.4%.

The level of total shareholders' funds increased by £ 2,219,763 during the year due to the increase in retained earnings.

Strategic Report (Continued)

Streamlined energy and carbon reporting

The Company is a large user of electricity and gas, particularly in the casthouses and rolling mills. The Company has measured their footprint across Scope 1 and 2 emissions, and is also starting to collect Scope 3 data, continually improving its accuracy. Emissions are voluntarily reported annually in a dedicated Sustainability report, available on the Company's website, reporting in accordance with UK Government emission factors.

The Company is a member of the Aluminium Stewardship Initiative and has been certified to its Performance Standard since December 2018. An important stewardship initiative, it includes developing commitments to reducing greenhouse gas emission and working towards science-based targets. The Company's commitments complement their environmental goals and objectives within their ISO 14001:2015 certification.

Intensity ratio

Carbon emissions have been normalised against production tonnes as this is the most relevant ratio for the plant.

Emissions Type	2022	2022	2021	2021
	kWh / litres / miles	Tonnes of CO ₂ e	kWh / litres	Tonnes of CO ₂ e
Scope 1 - Combustion of gas	148,232,715 k Wh	27,007	142,398,504 kWh	26,082
Scope 1 – Transport fuel (diesel for site vehicles)	331,413 litres	1,061	234,076 litres	747
Scope 1 – Transport fuel (business mileage)	29,977 miles	8.27	12,897 miles	3.56
Scope 2 - Purchased electricity	62,245,039 k Wh	11,902	56,614,561 kWh	12,021
Scope 3 – Transport fuel (business travel in rental cars or employee-owned vehicles)	6,187 miles	1.71	7,226 miles	1.99
Total gross CO ₂ e based on above	-	39,961	-	38,846
Intensity ratio: tCO ₂ e gross	-	0.372	-	0.364

Table of measures

The Company undertakes a regular review of potential energy efficiency and reduction opportunities. Below is a table of recent measures taken.

Carbon reduction measures	
Lighting replacement programme	Ongoing work to replace older more inefficient lighting with more energy efficient LED lighting with improved control.
Vehicle management systems	Introduced a new vehicle management system to review vehicle use and fuel usage
Scrap Management System	Developments to improve scrap management on site, with additional benefit of increasing energy efficiency in our Casthouse
Product design environmental assessments	Implemented a systemised impact assessment of all new product design/changes against environmental criteria, including expected impact on energy efficiency, to proactively highlight where opportunities can be pursued.
Life cycle assessment (LCA)	Available to customers on request, LCA studies are completed for the main product lines, identifying where the greenhouse gas emission hotspots are in the value chain.

Strategic Report (Continued)

Principal risks and uncertainties

Metal price risks

The company sells finished products and buys aluminium raw materials priced on the London Metal Exchange ("LME"). The company has, together with its parent, developed commercial hedging procedures designed to manage the risk of metal price volatility on the LME.

Foreign exchange risks

The company has a high percentage of sales and purchases in currencies other than GBP. It manages its foreign exchange risk in a prudent manner, implementing natural hedges whenever possible (i.e. matching currencies in anticipated sales and purchases, receivables and liabilities) and using forward contracts, if necessary.

Interest rate risks

The company is exposed to interest rate movements. Interest rate swaps may be used by the company to adjust interest rate exposures in order to guarantee fixed interest payments where payments are variable, hence reducing exposure to interest rate movements. There have been no interest rate swaps during the year and at year end no interest rate swaps were in place.

Credit risk

The company has a credit review mechanism which allows deferred payment terms and invoice discounting to certain customers with good historic payment records. In addition, the company seeks to further minimise credit risk by taking out credit insurance policies covering credit risks with customers.

Price risk

The company's exposure to the risk of the two elements of its selling price, metal and conversion, are managed by the use of LME futures for the metal price and forward sales contracts for the conversion price.

Liquidity risk

Short term debt, receivables and inventory facilities are used by the company to manage liquidity risk. The company also aims to reduce liquidity risk by managing working capital, investments and operations within strict target levels.

Cash flow risk

The company manages cash flow risk, where significant, by the use of derivatives as explained above.

Stakeholder engagement

The directors set out their section 172 (1) statement in accordance with the Companies Act 2006 in relation to stakeholder engagement for the year ended 31 December 2022.

The Board recognise that the long-term success of the company is strongly correlated to a positive interaction with all of its stakeholders. Effective engagement allows the directors to understand relevant stakeholder views on material issues which may impact the business, and helps to inform the Board's decision making. Stakeholder engagement is ultimately managed and owned by the directors of the company, but takes place at all levels within the company.

This report identifies some of our key stakeholders and how the Board and our business interact with them in order to promote the success of the company for the stakeholders as a whole.

Strategic Report (Continued)

Decision making and risk management

The Board delegates the day-to-day management and decision making to the executive management. The Board maintains oversight of the company's performance to ensure that the management is acting in accordance with the agreed strategy.

Each year, the directors undertake an in-depth review of the company's strategy, including the business plan for the following 5 years. Once approved by the Board, the plan and strategy form the basis for financial budgets, resource plans and investment decisions, and also the future strategic direction of the company. Upon making these decisions, the Board has to consider the interests of various stakeholders, the consequences of its decisions in the long-term and its long-term reputation. The company's strategy is now to focus on new products and markets in order to be prepared for the ongoing and future decline of the main product litho.

Employees

Our employees are critical to the delivery of our strategy and the future growth of the business. The company is committed to being a responsible employer in terms of ensuring the health, safety, well-being, pay and benefits that our employees receive are sufficient to promote good relationships and motivation. For the company to succeed we must manage people's performance and develop and bring through talent while ensuring that we operate as efficiently as possible. The company has continued to work well with the union and the Information and Consultation Committee (ICC).

Business relationships

Maintaining strong customer and supplier relationships is critical to the long-term business strategy. The company has a small customer base which we work closely with to ensure that the highest quality product and service is delivered. Many of these relationships have been present for a long time and have multi-year contracts. As new products are developed and new customers are obtained, the company will ensure that the same positive relationships are fostered to ensure new strategies are fulfilled.

The company has long-standing relationships with key suppliers and treats them fairly in terms of orders and payments to ensure that they are part of the company's success.

Shareholders

Communication with our shareholders is key to the company's success, they are kept informed of performance and strategic direction to ensure that they are satisfied with the company. The company attends regular meetings and presentations required by the shareholders and is open to feedback and questions at any time. During 2022, the majority of company meetings were all held online.

Our community and the environment

The company aims to use its position in the community to create a positive change for the people and wider community. The company actively reduces our impact on the environment by responsibly sourcing energy and minimising our carbon footprint. We also help to fund many local initiatives including trusts, charities and community organisations.

Strategic Report (Continued)

Regulatory bodies

The company aims to maintain the highest standards of conduct with each of the regulatory bodies it engages with. The operating policy statement and code of conduct can be found on our website. This includes zero tolerance to ethical issues such as bribery and corruption. Our gender pay gap, sustainability and group tax strategy can also be found on our website.

By order of the board



M Richards
Secretary

29th June 2023

Directors' Report

The directors present their directors' report and audited financial statements for the year ended 31 December 2022.

Principal activities

The company continues to manufacture aluminium coils for the lithographic printing industry, as well as other aluminium flat rolled products, including foilstock coils for the foil rolling industry.

The company is a 100% owned subsidiary of Viohalco S.A., a company registered in Belgium.

Future developments

During 2023 the general demand conditions in the aluminium flat rolled products markets are challenged by overstocking, and reduced volumes from end users due to energy cost and general inflation concerns.

The company was advised late in 2022 by one of its major customers that they will close their facility in the Netherlands during 2023, in order to switch production to China and Japan. This closure has been announced to the Company at very short notice and before the Company has been able to find alternative sales demand, therefore 2023 sales volumes are expected to be materially lower than 2022. The Company has announced a cost reduction programme to its workforce and is currently undergoing consultation and negotiation to reduce and reorganise its workforce. The Company is in the process of seeking demand from alternative customers, and hopes to recover some sales volumes in 2024.

Post balance sheet event

A restructuring plan was announced in 16th of February regarding job reductions that are expected by the end of March. In more detail, the company plans to reduce employment numbers by around 15%. The impact of restructuring was communicated to employees, establishing for some of them, a constructive obligation that satisfies the IFRS criteria for recognising a provision. This represents a non-adjusting post-balance sheet event under IFRS.

On the 10th of May 2023 there was a serious accident at the Company's premises resulting in one person being critically injured. The Health and Safety Executive (HSE) and the Company are undertaking investigations to determine the root cause or causes of the accident. This represents a non-adjusting post-balance sheet event under IFRS.

Going concern

In considering going concern, the directors have carefully reviewed the cash flow requirements of the company, key assumptions used in the financial forecasts and a sensitivity analysis on the forecasts. The company has borrowing facilities as disclosed in note 16, which are available on a continuing basis, and therefore the directors are reasonably certain there will be sufficient liquidity available to meet obligations as they fall due for a period of at least 12 months from the date of signing these financial statements. The company's forecasts, including a plausible but severe downside scenario, indicate that there is sufficient cash flow available and that covenant requirements are not breached for a period of at least 12 months from the signing of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Directors' Report (Continued)

Employee involvement

During the year, the policy of providing employees with information about the company has continued, employees are encouraged to present their suggestions and views on the company's performance. Regular meetings are held between management and employees to allow free flow of information and ideas.

Statement on engagement with suppliers, customers and others in a business relationship with the company

The Company has reviewed the key stakeholders and how the business interacts with them, this is detailed within the strategic report, stakeholder engagement section.

Results

The profit and loss account is set out on page 16 and shows profit after tax for the financial year of £ 2,150,361 (2021: loss of £ 5,010,315).

Dividends

No dividend was paid during the year (2021: £Nil). The directors do not recommend the payment of a final dividend (2021: £Nil).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

D Peden (Chairman)
S MacVicker
A Angelopoulos
J Attas (Resigned on 16/06/2022)
C Catsaros
L Varouchas (Resigned on 13/01/2023)
J Kumamoto (Resigned on 24/03/2022)
H Miyazaki (Resigned on 24/03/2022)
G Drakos (Appointed on 20/07/2022)
O Vayena (Appointed on 01/07/2022)

Charitable contributions

The company made charitable donations of £ 3,837 during the year (2021: £2,000).

Directors' liabilities

The company has granted an indemnity to one or more directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Directors' Report (Continued)

Independent auditors

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

By order of the board



M Richards
Secretary

Stourbridge Road
Bridgnorth
Shropshire
WV15 6AU
29th June 2023

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



M Richards
Secretary

29th June 2023

Independent auditors' report to the members of Bridgnorth Aluminium Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bridgnorth Aluminium Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2022; the Profit and loss account and other comprehensive income, and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety and employment, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management override of controls and the potential manipulation of the financial statements through posting inappropriate journal entries to manipulate financial performance and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Enquiring of management and those charged with governance around any actual and potential litigation and claims;
- Testing journal entries and other adjustments for appropriateness, testing accounting estimates including impairment of non-financial assets (because of the risk of management bias);
- Reviewed minutes of meetings of those charged with governance to identify any discussions on noted non compliance with laws and regulations and how it was addressed; and
- Reviewed legal expenses

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Billingham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham
29 June 2023

Profit and loss Account and other comprehensive income
for the year ended 31 December 2022

	<i>Note</i>	2022 £000	2021 £000
Turnover	2	368,305	277,060
Cost of Sales		(344,898)	(266,062)
		<hr/>	<hr/>
Gross Profit		23,407	10,998
Distribution costs		(10,038)	(10,187)
Administrative expenses		(7,880)	(4,189)
Other operating income		198	35
		<hr/>	<hr/>
Operating Profit / (Loss)	3	5,687	(3,343)
Interest receivable and similar income	6	289	237
Interest payable and similar expenses	7	(3,300)	(1,597)
		<hr/>	<hr/>
Profit / (Loss) before taxation		2,676	(4,703)
Tax on profit / (loss)	8	(525)	(307)
		<hr/>	<hr/>
Profit / (Loss) after taxation		2,151	(5,010)
		<hr/>	<hr/>
Other comprehensive income/(expense):			
Fair value remeasurement of derivative financial instruments		161	(564)
Total tax on components of other comprehensive income		(92)	120
		<hr/>	<hr/>
Total comprehensive income/(expense) for the year		2,220	(5,454)
		<hr/>	<hr/>

Balance Sheet

At 31 December 2022

	Note	2022 £000	2022 £000	2021 £000	2021 £000
Fixed Assets					
Property, plant and equipment	9	63,113		65,005	
Right of use assets	10	84		107	
			63,197	65,112	
Current Assets					
Stocks	11	103,532		74,925	
Debtors	12	52,411		46,084	
Cash at bank and in hand	13	3,996		3,274	
Derivative financial instruments	18	742		1,358	
		160,681		125,641	
Current liabilities					
Creditors: amounts falling due within one year	14	(122,440)		(91,802)	
Derivative financial instruments	18	(785)		(1,562)	
		(123,225)		(93,364)	
Net current assets			37,456	32,277	
Total assets less current liabilities			100,653	97,389	
Non-current liabilities					
Creditors: amounts falling due after more than one year	15		(45)		(64)
Provisions for liabilities					
Deferred tax liability	17		(6,400)		(5,337)
Net assets			94,208	91,988	
Capital and reserves					
Called up share capital	19		29,333		29,333
Share premium account			6,667		6,667
Cash flow hedging reserve			(84)		(153)
Profit and loss account			58,292		56,141
Total shareholders' funds			94,208	91,988	

The notes on pages 18 to 38 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 29 June 2023 and were signed on its behalf by:


Derek Peden

Director

Company registered number: 4155640

Statement of Changes in Equity

	Called up share capital £000	Share premium account £000	Cash flow hedging reserve £000	Profit and loss account £000	Total shareholders' funds £000
Balance at 1 January 2021	29,333	6,667	292	61,151	97,443
Total comprehensive expense for the year					
Loss for the financial year	-	-	-	(5,010)	(5,010)
Other comprehensive expense	-	-	(445)	-	(445)
Total comprehensive expense	-	-	(445)	(5,010)	(5,455)
Balance at 31 December 2021	29,333	6,667	(153)	56,141	91,988
Balance at 1 January 2022	29,333	6,667	(153)	56,141	91,988
Total comprehensive income for the year					
Profit for the financial year	-	-	-	2,151	2,151
Other comprehensive income	-	-	69	-	69
Total comprehensive income	-	-	69	2,151	2,220
Balance at 31 December 2022	29,333	6,667	(84)	58,292	94,208

Notes

(forming part of the financial statements)

1 Accounting policies

Bridgnorth Aluminium Limited (the "Company") is a Private company limited by shares incorporated and domiciled in England, United Kingdom. The registered number is 4155640 and registered address is Stourbridge Road, Bridgnorth, Shropshire WV15 6AU. The company manufactures aluminium coils for the lithographic printing industry, as well as other aluminium flat rolled products, including foilstock coils for the foil rolling industry.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Viohalco S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of Viohalco S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from the offices of Viohalco S.A. which are located at 30 Avenue Marnix, 1000 Brussels, Belgium.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures in respect of capital management; and

As the consolidated financial statements of Viohalco S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement*, the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have a material impact on the company's financial statements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss.

Notes (continued)

1.2 Going concern

The profit after tax for 2022 was £2,151,361 (2021 loss after tax £5,010,315). The net current asset position for 2022 was £37,456,000 (2021 £32,277,000). Turnover increased by 33%, predominantly as a result of higher metal prices. EBITDA increased by 276% during the year, mainly as a result of higher selling prices and an energy surcharge.

Market conditions in 2023 in the aluminium flat rolled products markets are challenged by overstocking, and reduced demand from end users due to energy cost and general inflation concerns. This is expected to adversely impact the Company's sales volumes.

The company was advised late in 2022 by one of its major customers that they will close their facility in the Netherlands during 2023, in order to switch production to China and Japan. As a result of this 2023 sales volumes are expected to be materially lower than 2022. The estimated annual reduction in revenue as a result is £ 87m. The company plans to recover revenue through replacing the lost volume from other customers. The Company has announced a cost reduction programme to its workforce and is currently undergoing consultation and negotiation to reduce and reorganise its workforce. Updated financial forecasts have been prepared as a result of the announcement, and the weaker market demand conditions. The Company's current performance is ahead of this forecast.

In considering going concern, the directors have carefully reviewed the cash flow requirements of the company, key assumptions used in the financial forecasts and a sensitivity analysis on the forecasts. The company has borrowing facilities as disclosed in note 16, which are available on a continuing basis, and therefore the directors are reasonably certain there will be sufficient liquidity available to meet obligations as they fall due for a period of at least 12 months from the date of signing these financial statements. The company's forecasts, including a plausible but severe downside scenario, indicate that there is sufficient cash flow available and that covenant requirements are not breached for a period of at least 12 months from the signing of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

1.3 Foreign currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

1.4 Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade, other debtors and amounts owed from group undertakings

Trade, other debtors and amounts owed from group undertakings are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Certain trade debtor balances are held under a receivables financing agreement. The Directors consider these meet the definition of held to collect under IFRS 9.

Trade, other creditors and amounts owed to group undertakings

Trade, other creditors and amounts owed to group undertakings are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing loans and borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1.6 Derivative financial instruments and hedging

Derivative financial instruments

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

IFRS 9 Financial Instruments

As of 1 January 2018 IFRS 9 Financial Instruments was applicable. This standard addresses the classification, measurement and derecognition of financial assets and liabilities, and introduces new hedge accounting rules.

Viohalco S.A. has undertaken thorough discussions with consultants and group auditors on behalf of the group and have decided not to adopt the hedge accounting paragraphs of IFRS 9 and to stay with IAS 39. This was an accounting policy choice which the Company is also adopting, when appropriate.

Cash flow hedges

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

When the forecast transaction subsequently results in the recognition of a non-financial asset / liability, the associated cumulative gain / loss remains in the hedging reserve and is reclassified into profit or loss in the same period(s) during which the asset acquired or liability assumed affects profit or loss, i.e. when a non-financial asset is depreciated.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset / liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period(s) during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the profit and loss account in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss account immediately.

Notes (continued)

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the profit and loss account. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the profit and loss account (even if those gains would normally be recognised directly in reserves).

On the discontinuance of hedge accounting, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the profit and loss account over the remaining life of the hedged item.

1.7 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- buildings between 5 and 30 years
- plant and machinery between 3 and 20 years
- motor vehicles between 2 and 5 years

No depreciation is provided on freehold land and assets in course of construction.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Research and development

Expenditure on research activities as a result of undertaking trials and experiments in the Company's research and development centre and its production processes, are recognised in the profit and loss account as an expense as incurred. The Research and Development expenditures was £ 607,280 (2021: £626,609).

Notes (continued)

1.9 Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows:

Raw materials, consumables, spare parts and goods for resale	-purchase cost on an average cost basis including the effect of hedge contract settlements with LME brokers
Work in progress and finished goods	-cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

An assessment is performed annually on the critical spare parts held within general stores; which looks at value materiality, if the item is connected with existing property, plant and equipment and if the item will be used for more than one period. If all criteria are met, then the item is moved from stock to property, plant and equipment.

An impairment review is carried out on the year end general stores listing and calculated based on the age profile of the consumables and spare parts. Items over 5 years are impaired on a percentage scale up to 100% impaired at 10 years and above.

1.10 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Notes (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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

1.11 Employee benefits

Defined contribution plans

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

1.12 Turnover

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue is recognised when performance obligations have been satisfied, and at a point in time, and is invoiced either simultaneously with its recognition or within a short time period from its recognition. A receivable is recognised when the control is transferred to the customer, as this represents the point in time at which the right to consideration becomes unconditional. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the control of the goods sold has been transferred. The timing of the transfer of control usually occurs when the goods have been shipped to the customers' location, unless otherwise specified in the terms of the contract. The terms defined on the contracts with customers are according to Incoterms.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

Notes (continued)

1.13 Leases

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. The rate used is a group rate provided by Viohalco S.A.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are generally depreciated over the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset's useful life. Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Payments associated with short-term leases of equipment and vehicles and all leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of tooling.

1.14 Interest receivable and Interest payable

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

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Notes (continued)

1.15 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.16 Grant income

Government grant income has been received in the year in relation to the Coronavirus Job Retention Scheme (CJRS) and is recognised within other income on a systematic basis, over the period in which the company recognises the related costs for which the grant is intended to compensate.

1.17 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

Critical accounting estimates

Inventory provisioning

The directors have considered the requirements of IAS 2 to measure inventories at the lower of cost and net realisable value. They consider that no impairment of inventory is required for the main stock item of aluminium, as this is recyclable and the company has no experience of significant loss occurring from the scrapping of inventory.

An impairment review is carried out on inventory held within the year end general stores listing with an impairment calculated based on the age profile of the spare parts and consumables.

Impairment of non-financial assets

Asset recoverability is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows. There are a number of assumptions and estimates involved in calculating the net present value of future cash flows for the Company, including management's expectations of:

- growth in EBITDA
- timing and quantum of future capital expenditure;
- long term growth rates; and
- the selection of a discount rate to reflect the risks involved.

A future change to these assumptions would result in a reassessment of the value in use of the assets and could give rise to an impairment of the assets being recognised.

Notes (continued)

2 Turnover

Turnover is the total amount charged, exclusive of VAT, in respect of goods and services supplied by the company. All turnover arises in the UK and is attributable to the company's continuing activity, the manufacture of rolled aluminium products.

	2022	2021
	£000	£000
Sale of goods	368,305	277,060

By activity:

	2022	2021
	£000	£000
Lithographic	224,962	198,200
Packaging	85,705	51,367
Automotive and electrical	17,101	12,376
Building and construction	30,168	12,770
Other income	10,369	2,347
	368,305	277,060

By geographical market is given below:

	2022	2021
	£000	£000
United Kingdom	53,721	9,309
Continental Europe	243,244	178,304
Americas	58,583	72,309
Asia, Middle East and Africa	12,757	17,138
	368,305	277,060

Notes (continued)

3 Operating (loss) / profit

Included in operating profit/(loss) are the following:

	2022 £000	2021 £000
Inventory recognised as an expense	281,802	214,865
Foreign exchange losses	304	-
Depreciation and other amounts written off tangible fixed assets	7,652	6,862
Depreciation on right of use assets (see note 10)	42	42
Research and development expenditure	607	627
Impairment of stock	(687)	309
Impairment of debtors	2	(16)
Proceeds from the sales of fixed assets	-	(2)
Income from Coronavirus Job Retention Scheme	-	(38)
	<hr/> <hr/>	<hr/> <hr/>
<i>Auditors' remuneration</i>		
Audit of these financial statements	78	71
	<hr/> <hr/>	<hr/> <hr/>

4 Staff numbers and costs

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

	Number of employees	
	2022	2021
Production	342	355
Sales	12	9
Administration	93	45
	<hr/>	<hr/>
	447	409
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	18,787	16,695
Social security costs	1,923	1,656
Other pension costs	862	785
	<hr/>	<hr/>
	21,572	19,136
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

5 Remuneration of directors

	2022	2021
	£000	£000
Directors' emoluments	489	432
Company contributions to defined contribution personal pension plans	19	18
<i>In respect of the highest paid director</i>		
Emoluments	207	230
Company contributions to defined contribution personal pension plans	12	12

6 Interest receivable and similar income

	2022	2021
	£000	£000
Bank interest receivable	-	2
Revaluation of foreign currency loans	289	235
	289	237

7 Interest payable and similar expenses

	2022	2021
	£000	£000
Bank interest payable	2,986	1,476
Lease liabilities interest (see note 10)	2	3
Revaluation of foreign currency loans	312	119
	3,300	1,597

Notes (continued)

8 Tax on profit / (loss)

Recognised in profit and loss account

	2022 £000	2022 £000	2021 £000	2021 £000
<i>UK corporation tax</i>				
Adjustments in respect of previous years	(447)		(272)	
		(447)		(272)
<i>Deferred tax</i>				
Current year	363		(793)	
Adjustments in respect of previous years	494		79	
Effect of changes in tax rates	115		1,293	
		972		579
Total deferred tax		972		579
Tax charge on profit / (loss)		525		307

Recognised in other comprehensive income / (expense)

	2022 £000	2021 £000
Deferred tax current year	91	(120)
	91	(120)
Tax charge / (credit) on comprehensive income	91	(120)

Reconciliation of standard tax rate

Tax expense for the year is lower (2021: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below:

	2022 £000	2021 £000
Profit / (Loss) before taxation	2,675	(4,703)
Current tax at 19% (2021: 19%)	508	(894)
Expenses not deductible for tax purposes	122	100
Income not taxable	(267)	-
Tax rate changes	115	1,293
Adjustments in respect of previous years	47	(193)
	525	307
Total tax charge (see above)	525	307

Notes (continued)

Factors that may affect future current and total tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

9 Property, plant and equipment

	Land & buildings	Plant and machinery	Motor vehicles	Assets in course of construction	Total
	£000	£000	£000	£000	£000
Cost					
At beginning of year	16,215	142,065	3,274	5,109	166,663
Additions	-	-	-	6,100	6,100
Reclassifications	87	4,607	1,076	(5,590)	180
At end of year	16,302	146,672	4,350	5,619	172,943
Accumulated depreciation					
At beginning of year	7,045	91,771	2,842	-	101,658
Charge for year	609	6,833	211	-	7,653
Reclassifications	7	(265)	777	-	519
At end of year	7,661	98,339	3,830	-	109,830
Net book value					
At 31 December 2022	8,641	48,333	520	5,619	63,113
At 31 December 2021	9,170	50,295	431	5,109	65,005

Included within land and buildings is £2,013,746 (2021: £2,013,746) of freehold land which is not depreciated. The remaining net book value is in respect of buildings constructed on the company's freehold premises.

The cost of the Assets that had a nil Net Booking Value on 2022 amounts to £ 80,397,817.03 (2021: 77,746,204.12).

Notes (continued)

10 Right of Use Assets

The company has lease contracts for company cars, which are included in the balance sheet as right of use assets and lease liabilities.

Measurement of right of use assets

	2022 £000	2021 £000
Opening balance at 1 January	107	72
Additions of right of use assets – company car	19	77
(Less): depreciation charged in the year	(42)	(42)
	<hr/>	<hr/>
Right of use assets at 31 December	84	107
	<hr/> <hr/>	<hr/> <hr/>

Amounts recognised in the balance sheet

	2022 £000	2021 £000
Lease liabilities		
Current lease liabilities	43	38
Non-current lease liabilities	45	64
	<hr/>	<hr/>
	88	102
	<hr/> <hr/>	<hr/> <hr/>

All non-current lease liabilities are later than one year and not later than five years.

Amounts recognised in the profit and loss account

	2022 £000	2021 £000
Depreciation charge of right of use company car assets	42	42
Interest expense (included in interest payable)	2	3
Expense relating to short-term and low-value leases	303	173
	<hr/>	<hr/>
	347	218
	<hr/> <hr/>	<hr/> <hr/>

The total cash outflow for leases was £ 35,283 (2021: £45,307).

Notes (continued)

11 Stocks

	2022 £000	2021 £000
Finished goods	35,612	21,489
Raw materials, consumables and spare parts	40,266	14,854
Semi-finished products	20,176	28,894
By-products & scrap material	7,478	9,688
	<hr/>	<hr/>
	103,532	74,925
	<hr/> <hr/>	<hr/> <hr/>

The difference between purchase price or production cost of stocks and their replacement cost is not material. The movement of raw materials, consumables, work in progress and finished goods is £ 281,757,517 (2021: £ 214,855,330) and is included within cost of sales. The uplift of spare parts and consumables is £ 686,871 (2021: £ - 308,711).

12 Debtors

	2022 £000	2021 £000
Trade debtors	47,038	42,080
Other debtors	1,758	841
Amounts owed from group undertakings	-	340
Prepayments and accrued income	3,156	2,415
Corporation tax	459	408
	<hr/>	<hr/>
Total	52,411	46,084
	<hr/> <hr/>	<hr/> <hr/>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Trade debtors are stated after provisions for impairment of £ 20,771 (2021: £ 19,148).

13 Cash at bank and in hand

	2022 £000	2021 £000
Cash at bank and in hand	3,996	3,274
	<hr/>	<hr/>
Cash and cash equivalents	3,996	3,274
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

14 Creditors: amounts falling due within one year

	2022	2021
	£000	£000
Bank loans and overdrafts (secured see note 16)	52,687	47,098
Trade creditors	35,215	27,887
Amounts owed to group undertakings	27,699	9,452
Lease liabilities (see note 10)	43	38
Accruals and deferred income	6,796	7,327
	<hr/>	<hr/>
	122,440	91,802
	<hr/> <hr/>	<hr/> <hr/>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

15 Creditors: amounts falling due after more than one year

	2022	2021
	£000	£000
Lease liabilities (see note 10)	45	64
	<hr/>	<hr/>
	45	64
	<hr/> <hr/>	<hr/> <hr/>

16 Interest bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings which are measured at amortised cost.

	2022	2021
	£000	£000
Creditors falling due more than one year		
Secured bank loans	-	-
	<hr/> <hr/>	<hr/> <hr/>
Creditors falling due within less than one year		
Secured bank loans	52,687	47,098
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
				2022 £000	2022 £000	2021 £000	2021 £000
Inventory facility	GBP	6.25%	Repayable on demand	27,051	27,051	22,382	22,382
Receivables facility	GBP	6.00%	Repayable on demand	18,928	18,928	3,495	3,495
Receivables facility	EUR	5.00%	Repayable on demand	936	936	12,726	12,726
Receivables facility	USD	6.90%	Repayable on demand	5,771	5,771	8,495	8,495
				52,686	52,686	47,098	47,098

The bank loans and overdrafts are secured against certain land and buildings owned by the Company, the receivables facility is secured against certain trade debtor balances and the inventory facility is secured against certain inventory balances.

The fair values for borrowings are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

The facilities consist of a receivables facility with a limit of up to £60m, an inventory facility with a limit of up to £30m and a capital expenditure facility with a limit of up to £25m. The total facility aggregate limit is £60m. The facilities are for a minimum period of 3 years, with the option of a further year extension if required. These are all repayable on demand. The interest rate margin chargeable is dependent on the Company's leverage, the nominal interest rate is between 1.95% and 3.15% above the applicable base rate. The facilities include financial covenants.

17 Deferred tax liability

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Tangible fixed assets	-	-	(7,261)	(6,379)	(7,261)	(6,379)
Financial assets	-	-	(181)	(160)	(181)	(160)
Temporary differences trading	5	5	-	-	5	5
Tax losses	1,037	1,197	-	-	1,037	1,197
	1,042	1,202	(7,442)	(6,539)	(6,400)	(5,337)
Net tax assets / (liabilities)	1,042	1,202	(7,442)	(6,539)	(6,400)	(5,337)

Notes (continued)

Movement in deferred tax during the year

	1 January 2022 £000	Recognised in income £000	Recognised in equity £000	31 December 2022 £000
Tangible fixed assets	(6,379)	(882)	-	(7,261)
Financial assets	(160)	70	(91)	(181)
Temporary differences trading	5	-	-	5
Tax losses	1,197	(161)	-	1,037
	<u>(5,337)</u>	<u>(972)</u>	<u>(91)</u>	<u>(6,400)</u>

Movement in deferred tax during the prior year

	1 January 2021 £000	Recognised in income £000	Recognised in equity £000	31 December 2021 £000
Tangible fixed assets	(4,643)	(1,735)	-	(6,378)
Financial assets	(283)	3	120	(160)
Temporary differences trading	7	(2)	-	5
Tax losses	42	1,155	-	1,197
	<u>(4,877)</u>	<u>(579)</u>	<u>120</u>	<u>(5,336)</u>

Tax assets are recoverable based on the company's forecast profits.

18 Derivative financial instruments

The fair values of all financial assets and financial liabilities by class shown in the balance sheet are as follows:

	Fair Value 2022 £000	Fair Value 2021 £000
IAS 39 categories of financial instruments		
Financial assets designated as fair value through profit or loss		
Foreign exchange swaps – short term	-	9
London Metal Exchange futures – short term	742	1,349
	<u>742</u>	<u>1,358</u>

Notes (continued)

Fair values of financial instruments

	Fair Value 2022 £000	Fair Value 2021 £000
Financial liabilities designated as fair value through profit or loss		
Foreign exchange swaps – short term	68	41
London Metal Exchange futures – short term	717	1,521
	<hr/>	<hr/>
Total financial liabilities at fair value through profit or loss	785	1,562
	<hr/> <hr/>	<hr/> <hr/>

The company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency receivables. At 31 December 2022, the outstanding foreign currency contracts all mature within 2 months of the year end date, as was the case at 31 December 2021.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the exchange rates for GBP:USD and GBP:EUR.

The company enters into forward LME contracts to mitigate the metal price risk for certain receivables. At 31 December 2022, the outstanding contracts all mature within 4 months (2021: 3 months) of the year end.

The forward LME contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing the derivatives are the LME values for GBP, USD and EUR.

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

	2022				2021			
	Carrying amount £ 000	Expected cash flows £ 000	1 year or less £ 000	1 to <2years £ 000	Carrying amount £ 000	Expected cash flows £ 000	1 year or less £ 000	1 to <2years £ 000
Forward exchange contracts:								
Assets	-	-	-	-	9	1,323	1,323	-
Liabilities	(68)	4,539	4,539	-	(41)	6,216	6,216	-
London Metal exchange contracts:								
Assets	742	(21)	(21)	-	1,349	(5,958)	(5,958)	-
Liabilities	(718)	(11)	(11)	-	(1,521)	(24,926)	(24,926)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(44)	4,507	4,507	-	(204)	(23,345)	(23,345)	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to affect profit or loss:

	2022				2021			
	Carrying amount £ 000	Expected cash flows £ 000	1 year or less £ 000	1 to <2years £ 000	Carrying amount £ 000	Expected cash flows £ 000	1 year or less £ 000	1 to <2years £ 000
Forward exchange contracts:								
Assets	-	-	-	-	9	1,323	1,323	-
Liabilities	(68)	4,539	4,539	-	(41)	6,216	6,216	-
London Metal exchange contracts:								
Assets	742	(21)	(21)	-	1,349	(5,958)	(5,958)	-
Liabilities	(718)	(11)	(11)	-	(1,521)	(24,926)	(24,926)	-
	<u>(44)</u>	<u>4,507</u>	<u>4,507</u>	<u>-</u>	<u>(204)</u>	<u>(23,345)</u>	<u>(23,345)</u>	<u>-</u>

19 Called up share capital

	2022 £000	2021 £000
<i>Allotted and fully paid</i>		
29,333,333 (2021: 29,333,333) Ordinary shares of £1 each	29,333	29,333

20 Defined pension contribution scheme

The company provides a defined contribution scheme for its employees. The cost to the company within the year was £ 861,701 (2021: £ 784,672) and at the year end date the balance was nil (2021: nil).

21 Commitments

Amounts contracted for capital items, but not provided in the financial statements amounted to £ 2,298,020 (2021: £ 1,999,313).

No bank guarantee (2021: £ 0) is in place for the Company's VAT/ duty deferment account.

Notes (continued)

22 Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of Viohalco S.A. which is the immediate and ultimate parent company incorporated in Belgium. The ultimate controlling party is Viohalco S.A..

The Smallest and largest group in which the results of the Company are consolidated is that headed by Viohalco S.A., incorporated in Belgium. The consolidated financial statements of this group are available to the public and may be obtained from the offices of Viohalco S.A., which are located at 30 Avenue Marnix, 1000 Brussels, Belgium.

23 Post balance sheet event

A restructuring plan was announced in 16th of February regarding job reductions that are expected by the end of March. In more detail, the company plans to reduce employment numbers by around 15%. The impact of restructuring was communicated to employees, establishing for some of them, a constructive obligation that satisfies the IFRS criteria for recognising a provision. This represents a non-adjusting post-balance sheet event under IFRS.

On the 10th of May 2023 there was a serious accident at the Company's premises resulting in one person being critically injured. The Health and Safety Executive (HSE) and the Company are undertaking investigations to determine the root cause or causes of the accident. This represents a non-adjusting post-balance sheet event under IFRS.