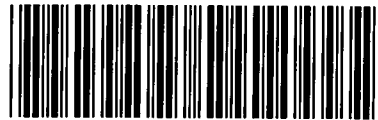


REAL ALLOY UK Ltd
Registered No. 3221771

REAL ALLOY UK Ltd
Report and Financial Statements
31 December 2018

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COMPANIES HOUSE

REAL ALLOY UK Ltd

Registered No. 3221771

Directors

R Barr

T J Hogan

C Griffin

Auditors

Ernst & Young LLP

The Paragon

Counterslip

Bristol

BS1 6BX

Bankers

Barclays Bank

Swansea Business Centre

Pocketts Wharf

Swansea

SA1 3YN

Registered office

Real Alloy UK Ltd.

Westfield Industrial Park

Waunarwydd

Swansea

SA5 4SF

Strategic Report

Results and dividends

The profit for the year after taxation amounted to £2,601,000 (2017 – profit of £2,636,000). The directors do not recommend a final dividend (2017– £nil).

Principal activities and review of the business

The company's principal activity is the recycling of valuable aluminium waste materials for sale to the aluminium (wrought and casting alloy) industries within the UK and mainland Europe. There have been no significant changes in the company's principal activities in the year under review.

The company is a wholly owned subsidiary of RA Parent, Inc. and operates as part of the European recycling division.

On 31st May 2018, Real Alloy Holding Inc. and its subsidiaries was acquired from Elah Holdings, Inc. (formerly known as Real Industry, Inc.) by RA Parent, Inc., pursuant to a plan for Real Industry, Inc. to emerge from its US Chapter 11 bankruptcy proceedings. As a result of this sale, Real Alloy has become part of a privately held group. The Company still maintains the name Real Alloy UK Ltd.

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

	2018	2017	Change
	£m	£m	%
Turnover	40.1	38.1	5%
Operating Profit	3.2	3.3	(3%)
Profit after tax	2.6	2.6	0%
Average number of employees	49	47	4%

The increase in turnover was due to higher sales in both Buy/Sell remelt sales and tolling work. The small decrease in operating profit was mainly due to increased costs within the business. The number of employees increased within the year.

Future developments

Demand for many of our products is impacted by regional economic factors in Europe, including GDP and industrial production. We believe that production and sales will remain at the same level in 2019.

Principal risks and uncertainties

Company management are responsible for managing any risks and uncertainties and for working with the Real Alloy group to understand and mitigate the risks that the company faces.

The company has rigorous budgeting and forecasting processes against which performance is monitored and any exposure to business risk can be identified and appropriate plans and actions put in place. A major focus in 2019 will be productivity improvement activities to offset any increasing costs. An area of potential future risk is the decision by the UK to leave the European Union. The potential risks of this decision cannot be quantified at this time.

Strategic Report (continued)

Principal risks and uncertainties (continued)

Credit risk

The company's customers are third parties in the United Kingdom and Europe. The Company has no history of credit risk from its customers, but the company has a comprehensive credit policy in place that includes credit risk validations, credit limits and regular follow up of amounts due to the company.

Currency risk

The company has transactional currency exposures which arise from sales in Euro and purchases in currencies other than its functional currency (GBP). Potential exposures to foreign currency exchange rate movements are monitored through monthly cash forecasting process. These risks are managed by Real Alloy's treasury department at a group level.

Commodity price risk

The company's sale of aluminium is affected by the fluctuation of the prices in London Metal Exchange. The potential exposure to the price fluctuations are monitored Real Alloy's treasury department at a group level.

Liquidity and cash flow risks

The company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the company. The company manages cash flow risk by careful negotiation of terms with customers and suppliers and maintains available funds to enable them to meet their liabilities as they fall due.

Competitive risk

The company has various competitors Real Alloy's business leaders' focus is on retaining our current business and gaining new business.

Legislative risk

The company operates in a regulated industry and products are subject to rigorous manufacturing standards.

On behalf of the board



R. Barr
Director

Date: 1/10/2019

Directors' report

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

R Barr
T J Hogan
C Griffin

Environment

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

Good environmental plant performance in 2018 has led to a successful audit and the retention of the ISO14001 accreditation.

Employees

The company encourages participation of employees in all matters relevant to them through meetings and bulletin updates. Union Representatives regularly attend European Workers Council Meetings (EWC) and are regularly consulted on matters affecting them and their member's interests.

Going concern

On the basis of their assessment of the Company's financial position, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Disclosure of information to the auditors

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

Auditors

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

By order of the Board



R. Barr
Director

Date: 1/10/2019

Statement of directors' responsibilities

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Independent auditors' report

to the members of Real Alloy UK Ltd

Opinion

We have audited the financial statements of Real Alloy UK Limited for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows, the Balance Sheet and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report set out on pages 2 to 5, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent auditors' report

to the members of Real Alloy UK Ltd (continued)

Other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Independent auditors' report

to the members of Real Alloy UK Ltd (continued)

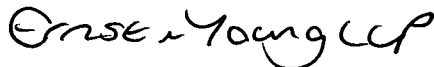
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 3 October 2019

Statement of comprehensive income

for the year ended 31 December 2018

	Notes	2018 £000	2017 £000
Turnover	2	40,100	38,104
Cost of sales		<u>(35,684)</u>	<u>(33,773)</u>
Gross Profit		4,416	4,331
Selling and distribution costs		(573)	(663)
Administrative expenses		<u>(604)</u>	<u>(374)</u>
Operating Profit	3	3,239	3,294
Net interest payable	6	<u>(15)</u>	<u>(3)</u>
Profit on ordinary activities before taxation		3,224	3,291
Tax	7	<u>(623)</u>	<u>(655)</u>
Profit for the financial year		2,601	2,636
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		<u>2,601</u>	<u>2,636</u>

All amounts relate to continuing activities.

Statement of changes in equity

for the year ended 31 December 2018

	Share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017	3,696	6,254	9,950
Profit for the year	-	2,636	2,636
At 1 January 2018	3,696	8,890	12,586
Profit for the year	-	2,601	2,601
At 31 December 2018	<u>3,696</u>	<u>11,491</u>	<u>15,187</u>

Statement of cash flows

for the year ended 31 December 2018

	<i>Notes</i>	<i>2018</i> <i>£000</i>	<i>2017</i> <i>£000</i>
<i>Net cash inflow from operating activities</i>	11(a)	2,630	857
<i>Investing activities</i>			
Interest received	6	10	1
Payments to acquire tangible fixed assets		(1,319)	(808)
Receipts from sales of tangible fixed assets		99	5
<i>Net cashflow from investing activities</i>		<u>(1,210)</u>	<u>(802)</u>
<i>Financing activities</i>			
Interest element of finance lease rental payment	6	(25)	(4)
Repayment of capital element of finance leases		(146)	(45)
<i>Net cashflow from financing activities</i>		<u>(171)</u>	<u>(49)</u>
<i>Increase in cash and cash equivalents</i>		1,249	6
<i>Effect of exchange rates on cash and cash equivalents</i>		8	22
<i>Cash and cash equivalentst at 1 January</i>		<u>3,698</u>	<u>3,670</u>
<i>Cash and cash equivalentst at 31 December</i>	11(b)	<u>4,955</u>	<u>3,698</u>

Balance sheet

As at 31 December 2018

	Notes	2018 £000	2017 £000
Fixed assets			
Tangible assets	8	4,816	4,272
Current assets			
Stocks	9	1,662	1,213
Debtors	10	8,224	6,983
Cash and cash equivalents	11b	4,955	3,698
		14,841	11,894
Creditors: amounts falling due within one year	12	(4,288)	(3,405)
Net current assets		10,553	8,489
Total assets less current liabilities		15,369	12,761
Provisions for liabilities			
Deferred tax	7(c)	(182)	(175)
Net assets		15,187	12,586
Capital and reserves			
Called up share capital	14	3,696	3,696
Profit and loss account		11,491	8,890
Shareholders' funds		15,187	12,586

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



R. Barr
Director

Date: 1/10/2019

Notes to the financial statements

As at 31 December 2018

1. Accounting policies

Statement of compliance and basis of preparation

Real Alloy UK Limited is a limited liability company registered in England and Wales. Its registered office is Westfield Industrial Park, Wannarlwydd, Swansea, SA5 4SF. The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 December 2018.

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

Turnover

Turnover comprises of revenue recognised by the company in respect of goods and services supplied exclusive of Value Added Tax and trade discounts.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value over their expected useful lives at the following rates:

Short leasehold buildings	–	2.5% straight-line over the lease term
Plant and equipment	–	5-20% straight-line over 5 to 20 years

No depreciation is charged on assets under construction.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs incurred in bringing each product to its present location and condition, as follows:

Finished goods	–	cost of direct materials and labour plus attributable overheads based on a normal level of activity.
Raw materials	–	cost of direct materials

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

Notes to the financial statements

As at 31 December 2018

1. Accounting policies (continued)

Capitalised interest

Interest costs are capitalised as part of the historic cost of furnace construction.

Deferred taxation

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

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

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

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

Financial instruments

The company uses future contracts to reduce exposure to changes in the aluminium price. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit and loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the aluminium future contracts is calculated by reference to current aluminium future contracts with similar maturity profiles. The company does not undertake any hedge accounting transactions.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account net of lease incentives on a straight line basis over the lease term.

Pensions

The company makes contributions into private portable schemes for its employees.

Critical accounting judgments and estimation uncertainties

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no judgements or material estimation uncertainties affecting the reported financial performance in the current or prior year.

Notes to the financial statements

As at 31 December 2018

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties in the United Kingdom and Europe.

	2018	2017
	£000	£000
UK	23,887	19,921
Europe	16,213	18,183
Total	40,100	38,104

3. Operating profit

This is stated after charging/(crediting)

	2018	2017
	£000	£000
Auditors' remuneration	23	21
Depreciation of fixed assets	681	702
Disposal of fixed assets (gain) / loss	(5)	15
Operating lease rentals – plant and machinery	194	153
– land and buildings	174	130
Unrealised foreign exchange loss / (gain)	(30)	(97)

4. Directors' remuneration

The directors of the company were also directors of other companies in the RA Parent, Inc. group. The directors' services to the Company do not occupy a significant amount of time. As such, the directors do not consider that they have received any remuneration for their incidental services to the Company for the years ended 31 December 2018 and 31 December 2017. The costs of the directors' remuneration is reflected in the financial statement of the group companies.

5. Staff costs

	2018	2017
	£000	£000
Wages and salaries	2,144	2,136
Social security costs	263	232
Other pension costs	154	146
	2,561	2,514

The average monthly number of employees during the year was made up as follows:

	No.	No.
Production	30	27
Administration	8	8
Maintenance	11	12
	49	47

Notes to the financial statements

As at 31 December 2018

6. Net interest payable

	2018	2017
	£000	£000
Bank interest	10	1
Interest payable on finance leases	(25)	(4)
	<u>(15)</u>	<u>(3)</u>

7. Tax

(a) Analysis of tax charge for the year

	2018	2017
	£000	£000
<i>Current tax:</i>		
UK corporation tax – current	621	672
Adjustment in respect of prior years	(5)	(3)
Tax on profit on ordinary activities	<u>616</u>	<u>669</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	7	(14)
Total deferred tax	<u>7</u>	<u>(14)</u>
Tax on profit on ordinary activities	<u>623</u>	<u>655</u>

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

The tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

	2018	2017
	£000	£000
Profit on ordinary activities before tax	<u>3,224</u>	<u>3,294</u>
Taxation on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 – 19.25%).	613	634
<i>Effects of:</i>		
Expenses not deductible for tax purposes	15	24
Adjustment in respect of prior years	(5)	(3)
Effect of changes in tax rates	–	–
Total tax charge for the year	<u>623</u>	<u>655</u>

Notes to the financial statements

As at 31 December 2018

7. Tax (continued)

(c) Deferred taxation

The movements in deferred taxation during the year are as follows:

	£000
At 1 January 2018	175
Charged to profit and loss account	7
At 31 December 2018	<u>182</u>

The deferred tax consists of:

	2018 £000	2017 £000
Accelerated capital allowances	<u>182</u>	<u>175</u>

(d) Factors affecting the future tax charge

The UK corporation tax rate decreased from 20% to 19% from 1 April 2017. Further reductions to the UK corporation tax rate have been announced that will have an impact on the future tax charges. A change in the corporation tax rate to 17% from 1 April 2020 had been enacted at the balance sheet date. Consequently the deferred tax liability has been calculated using a tax rate of 17%.

8. Tangible fixed assets

	<i>Short- leasehold property</i> £000	<i>Plant and equipment</i> £000	<i>Construction in progress</i> £000	<i>Total</i> £000
Cost:				
At 1 January 2018	3,685	8,219	60	11,964
Additions	241	914	164	1,319
Disposals	-	(833)	-	(833)
Transfers	-	60	(60)	-
At 31 December 2018	<u>3,926</u>	<u>8,360</u>	<u>164</u>	<u>12,450</u>
Depreciation:				
At 1 January 2018	1,717	5,975	-	7,692
Disposals	-	(739)	-	(739)
Provided during the year	111	570	-	681
At 31 December 2018	<u>1,828</u>	<u>5,806</u>	<u>-</u>	<u>7,634</u>
Net book value:				
At 31 December 2018	<u>2,098</u>	<u>2,554</u>	<u>164</u>	<u>4,816</u>
At 1 January 2018	<u>1,968</u>	<u>2,244</u>	<u>60</u>	<u>4,272</u>

Notes to the financial statements

As at 31 December 2018

9. Stocks

	2018	2017
	£000	£000
Raw materials	1,478	1,195
Finished goods	184	18
	<u>1,662</u>	<u>1,213</u>

The replacement cost of stock is not materially different from the historic cost stated above.

10. Debtors

	2018	2017
	£000	£000
Trade debtors	4,823	4,311
Amounts owed by group undertaking	3,156	2,454
Prepayments and accrued income	161	214
Other taxes and social security costs	84	4
	<u>8,224</u>	<u>6,983</u>

11. Notes to the statement of cash flows

(a) Reconciliation of profit to net cash inflow from operating activities

	2018	2017
	£000	£000
Profit before tax	3,224	3,291
Adjustments to reconcile profit before tax to net cashflow from operating activities		
Depreciation of tangible fixed assets	681	702
(Gain) / loss on disposal of tangible fixed assets	(5)	15
Unrealised foreign exchange gain	(30)	(97)
Net finance costs	15	3
Working Capital movements		
(Increase) / decrease in stocks	(449)	568
Increase in debtors	(1,352)	(1,135)
Increase / (decrease) in creditors	867	(2,135)
Taxation		
Tax paid	(321)	(355)
Net cash inflow from operating activities	<u>2,630</u>	<u>857</u>

Notes to the financial statements

As at 31 December 2018

11. Notes to the statement of cash flows (continued)

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following;

	<i>2018</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>
Cash at bank	4,955	3,698
Cash and cash equivalents	<u>4,955</u>	<u>3,698</u>

12. Creditors: amounts falling due within one year

	<i>2018</i>	<i>2017</i>
	<i>£000</i>	<i>£000</i>
Trade creditors	3,353	2,290
Amounts owed to related party	103	199
Corporation tax	520	358
Accruals and deferred income	312	558
	<u>4,288</u>	<u>3,405</u>

Notes to the financial statements

As at 31 December 2018

13. Related party transactions

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	<i>Sales to Related Party (a)</i>	<i>Purchases from related party (a)</i>	<i>Interest paid on behalf of group undertaking (b)</i>	<i>Amounts owed from related party (b)</i>	<i>Amounts owed to related party (a)</i>
	£000	£000	£000	£000	£000
2018	-	4,393	702	3,156	103
2017	<u>293</u>	<u>4,781</u>	<u>338</u>	<u>2,454</u>	<u>199</u>

(a) Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured, interest free and cash settlement is expected 15 days after the month of invoice. The company has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2018, the company has not made any provision for doubtful debts relating to amounts owed by related parties (2017:nil).

(b) Interest paid on behalf of group undertaking is receivable on demand from related party.

14. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2018 £000</i>	<i>No.</i>	<i>2017 £000</i>
Ordinary shares of £1 each	3,696,178	<u>3,696</u>	3,696,178	<u>3,696</u>

15. Pensions

The company makes contributions into private portable schemes for its employees. The pension costs charge represents contributions payable by the company to the fund and amounted to £154,000 (2017 - £146,000).

Notes to the financial statements

As at 31 December 2018

16. Derivatives

The company's aluminium price risk volatility is managed at Group level. On a monthly basis the Company receive the fair value of the derivative held at the balance sheet date, determined by reference to its market values, is as follows:

	2018	2017
	£000	£000
Forward contracts	<u>(31)</u>	<u>12</u>

17. Other financial commitments

At 31 December 2018 the company had future commitments under non-cancellable operating leases as set out below:

	2018			2017		
	Plant & Machinery £000	Land & Building £000	Total £000	Plant & Machinery £000	Land & Building £000	Total £000
Rental payment due:						
Within one year	189	198	387	130	157	287
In two to five years	949	990	1,939	465	788	1,253
	<u>1,138</u>	<u>1,188</u>	<u>2,326</u>	<u>595</u>	<u>945</u>	<u>1,540</u>

18. Ultimate parent undertaking and controlling party

On 31 May 2018, the company was acquired by RA Parent, Inc., a privately owned company, previously owned by Real Alloy Inc. and which has subsequently changed its name to Elah Holdings, Inc.

In the directors' opinion the ultimate parent undertaking and controlling party at the balance sheet date is RA Parent Inc., a privately owned company incorporated in the United States. The company's immediate parent undertaking is Real Alloy UK Holdco Ltd., a company incorporated in the United Kingdom.