Metal Agencies Limited

Annual Report and Financial Statements
Registered Number 02516723
31st December 2019

Contents

Strategic Report

Performance for the year and position at end of year

The profit and loss account is set out on page 10 and shows profit after taxation for the financial year amounted to £1,040,733 (2018: £924,401). Although Turnover will always be affected by changes in underlying metal values (which would have had an effect on both sales and cost of sales), overall tonnages sold were similar to 2018. Changes in the way the company did business, implemented during 2018, were in place for the whole of 2019, which together with the continuation of normal trading conditions, increased profit.
The balance sheet is set out on page 11 and shows total equity as at 31st December 2019 was £3,262,329 (2018: £2,221,596).

Key Performance Indicators

Gross profit represented 4.1% of Turnover (2018: 3.5%). Turnover is associated the sale of 31,350 Tonnes of material (2018: 32,860 Tonnes), although the exact product mix will vary. A further 3,144 Tonnes (2018: 3,492 Tonnes) was sold by members of the Viohalco Group, on which commission was earned.

Financial Risk

The Company continues to place emphasis on ensuring that costs and risk management are robustly controlled. This is achieved through the close day-to-day involvement of management and the existence of arithmetical and accounting controls.

Specific matters regarding liquidity, customer credit exposure and metal prices are disclosed in the Notes to the Accounts (Note 20. Financial risk management).

Future Outlook

The company faces many of the challenges that are common to all UK businesses at this time. Although turnover fell at the start of the second quarter of 2020 due to Covid19, it progressively recovered to more normal levels The directors expect the performance of the company to continue steadily on the back of consistent demand for construction and power related products. The majority of the company's costs vary with turnover.

Section 172(1) Statement

There is a requirement to state how the directors have taken into account those matters set out in Section 172(1)(a) to Section 172(1)(f) of the Companies Act 2006 in discharging their duties to promote the success of the company for the benefit of its member as a whole, and in doing so have regard to other matters including:

a. *The likely consequences of any decision in the long term*
   Sales in UK and Metal Agencies Limited have been recognised as being important to the parent group over many years. Although the company has a diverse product range and does seek new opportunities, many decisions are informed by the significant amounts of business we enjoy and maintain with established customers.
b. *The interest of the company's employees*
   The company has a small number of employees and it is recognised that focussed and talented individuals are essential to the on-going success of the company.
c. *The need to foster the company's business relationships with supplier, customers and others*
   Material for resale is principally obtained from members of our parent group. Significant sales are made to established customers, which are facilitated by a highly level of individualised service. The importance of close working relationships with providers of warehouse and transport services over many years are also recognised.

Strategic Report (continued)

Section 172(1) Statement (continued)

d. *The impact of the company's operations on the community and the environment*
Items for resale are not subject to further processing. Our customer base includes organisation in food packaging, energy, the construction industry and associated trades, which are essential to the UK. The company voluntarily takes part in recycling initiatives. It also observes its obligations in respect of packaging involved in the business. Transport and storage services are obtained from reputable sources.

e. *The desirability of the company maintaining a reputation for high standards of business conduct*
The company and its staff are mindful of ethical standards and comply with all applicable laws and regulations.

f. *The need to act fairly between members of the company.*
The company is a subsidiary undertaking of Viohalco SA/NV (incorporated in Belgium).

On behalf of the Board

N. M. Gould
Director

Date: 22nd October 2020

Directors' report

The directors present their report and the audited financial statements for the year ended 31st December 2019.

Directors

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

N.M. Gould
E.K. Ioannidis
J. C. Faulx
C. Catsaros
M.C. Voloudakis (resigned 22nd July 2019)
S.D. MacVicker (appointed 6th April 2020)

Principal activities

The company has continued to carry on the business of importation and sale of metal products.

Results and Dividends

The Profit after taxation for the financial year amounted to £1,040,733 (2018: £924,401). The directors do not recommend the payment of a dividend (2018: Nil).

Strategic Report

Financial risk and the company's future outlook are outlined in the Strategic Report. A statement of engagement with suppliers, customers and other in a business relationship with the company is included in accompanying Section 172(1) statement.

Political Contributions

The Company made no political donations, nor did it incur any similar expenditure.

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained directors' and officers' liability insurance in respect of itself and its directors throughout the financial year.

Disclosure of information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report (continued)

Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
The Portland Building
25 High Street
Crawley West Sussex RH10 1BG

PricewaterhouseCoopers LLP were appointed as auditors during 2019. Pursuant to Section 487 of the Companies Act 2006, these auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Secretary and Registered Office

Hal Management Limited
7 Savoy Court
London WC2R 0EX

On behalf of the Board

N. M. Gould
Director

7 Savoy Court, London, WC2R 0EX

Date: 22nd October 2020

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 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 102, 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.

Independent auditors' report to the members of Metal Agencies Limited

Report on the audit of the financial statements

Opinion

In our opinion, Metal Agencies Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 2019; the profit and loss account 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

We have nothing to report in respect of the following matters in relation to which 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.

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

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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 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 set out on page 6, 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.

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 received 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.

Matthew Haverson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
22 October 2020

Profit and Loss Account
for the year ended 31st December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Turnover	3		125,335,511		127,368,227
Cost of sales			(120,238,387)		(122,902,018)
Gross profit			5,097,124		4,466,209
Distribution costs		(1,064,137)		(885,973)	
Administrative expenses		(2,533,167)		(2,070,017)	
Other operating income	4	576,706		432,262	
			(3,020,598)		(2,523,728)
Operating profit			2,076,526		1,942,481
Other interest receivable and similar income	8		-		13,461
Interest payable and similar expenses	9		(785,407)		(825,029)
Profit before taxation			1,291,119		1,130,913
Tax on profit	10		(250,386)		(206,512)
Profit for the financial year			1,040,733		924,401

The notes on pages 13 to 24 form an integral part of these financial statements.

There is no Other Comprehensive Income. The Profit and Loss account has been prepared on the basis that all operations are continuing operations.

Balance Sheet
at 31st December 2019

	Note	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	*11*		106,882		87,463
Current assets					
Stocks	*12*	18,499,846		19,504,663	
Debtors	*13*	23,808,195		26,606,941	
Deferred tax asset	*16*	16,597		17,918	
Cash at bank and in hand		586,061		391,252	
		42,910,699		46,520,774	
Creditors: amounts falling due within one year	*14*	39,755,252		44,386,641	
Net current assets			3,155,447		2,134,133
Total assets less current liabilities			3,262,329		2,221,596
Net assets			3,262,329		2,221,596
Capital and reserves					
Called up share capital	*17*		1,000,000		1,000,000
Profit and loss account			2,262,329		1,221,596
Total Shareholders' funds			3,262,329		2,221,596

The notes on pages 13 to 24 form an integral part of these financial statements.

The financial statements on pages 10 to 24 were approved by the Board of Directors on 22nd October 2020 and signed on its behalf by:

N. M. Gould
Director

Company registered number: 02516723

Statement of Changes in Equity
for the year ended 31st December 2019

	Called-up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1st January 2018	1,000,000	297,195	1,297,195
Total comprehensive income for the year			
Profit for the financial year	-	924,401	924,401
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	924,401	924,401
Total contributions by and distributions to owners	-	-	-
Balance at 31st December 2018	1,000,000	1,221,596	2,221,596
Balance at 1st January 2019	1,000,000	1,221,596	2,221,596
Total comprehensive income for the year			
Profit for the financial year	-	1,040,733	1,040,733
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**1,040,733**	**1,040,733**
Total contributions by and distributions to owners	-	-	-
Balance at 31st December 2019	**1,000,000**	**2,262,329**	**3,262,329**
Set aside for dividends declared after the reporting year	**-**	**-**	**-**
Total	**1,000,000**	**2,262,329**	**3,262,329**

The notes on pages 13 to 24 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Metal Agencies Limited is a private limited company, incorporated in England & Wales (registered number 02516723) and is a company limited by shares. The address of its registered office is Hal Management Limited, 7 Savoy Court, London, WC2R 0EX.

These financial statements were prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The presentation currency of these financial statements is sterling.

The Company's ultimate parent undertaking, Viohalco SA/NV includes the Company in its consolidated financial statements. The consolidated financial statements of 31st December 2019 are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from their registered office at 30 Avenue Marnix, 1000 Brussels, Belgium. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the year;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Viohalco SA/NV include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosure:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Metal Agencies Limited's business activities are set out in the business review in the Directors' Report. The Company is seen strategically as a key subsidiary by Viohalco SA/NV (incorporated in Belgium), its ultimate holding and controlling party.

Turnover fell at the start of the second quarter of 2020 due to Covid19, but has progressively recovered to more normal levels. The directors expect the performance of the company to continue steadily. The majority of the company's costs vary with turnover. The Directors have every expectation that the Company's resources are such that it will continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at a suitable foreign exchange rate 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. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, 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.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets (including any leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each tangible fixed asset. The estimated useful lives are as follows:

- Motor Vehicles 4 years
- Equipment, fixtures and fittings 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

1.8 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. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

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, 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. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior years were assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

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 years during which services are rendered by employees.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.11 Turnover

Turnover represents amounts receivable for goods provided in the normal course of business, net of VAT. Revenue is recognised on the delivery of goods, including consignment stock held at customers' premises.

1.12 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable 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 are recognised in profit or loss as they accrue. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 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 timing differences which arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. It is judged that there we no critical judgements in applying the entity's accounting policies, nor its key accounting estimates and assumptions.

3 Turnover

Turnover represents amounts receivable for goods. The Company trades predominately in the United Kingdom, with 99.2% (2018: 98.3%) of sales taking place in the UK. Sales in other EU states amounted to 0.8% (2018: 1.7%) of the total. No sales occurred in other geographical areas (2018: 0.0%).

4 Other operating income

	2019 £	2018 £
Commission Earned	**572,157**	413,662
Net Gain on Disposal of Tangible Fixed Assets	**4,549**	18,600
	576,706	432,262

Commission is earned on certain transactions, in which Metal Agencies acts as neither supplier nor customer. This is recognised in the year that the underlying transactions take place.

5 Expenses and auditors' remuneration

Included in profits is the following:

	2019 £	2018 £
Auditors' Remuneration – Audit of these Financial Statements	**48,809**	49,141

Notes *(continued)*

6 Staff numbers and costs

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

	Number of Employees	
	2019	2018
Sales and Administrative Staff	**18**	17

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£	£
Wages and Salaries	**1,576,285**	1,344,793
Social security costs	**195,882**	169,161
Other pension costs	**78,134**	79,219
	1,850,301	1,593,173

The Company operates a defined contribution pension scheme. The pension cost charged for the year represents contributions payable by the Company to the scheme. There were no unprovided contributions at either the beginning or end of the financial year.

7 Directors' remuneration

	2019	2018
	£	£
Directors' Remuneration	**241,939**	223,657
Benefits in Kinds	**20,284**	16,363
Payments to defined contribution pension plan	**8,813**	8,298
	271,036	**248,318**

The aggregate of remuneration of the highest paid director was £219,970 (2018: £200,950) in respect to whom the company made pension contributions of £8,813 (2018: £8,298).

8 Other interest receivable and similar income

	2019	2018
	£	£
Net foreign exchange gain	-	13,461
	-	13,461

Notes *(continued)*

9 Interest payable and similar expenses

	2019	2018
	£	£
Interest payable on bank overdrafts and other advances	150,796	172,810
Interest on advances from factors	441,277	421,802
Default interest for late payments made to a related party	11,117	23,494
Other factoring and similar charges	61,836	195,157
Bank charges	9,995	11,766
Net foreign exchange loss	110,386	-
Total interest payable and similar expenses	785,407	825,029

£11,117 (2018: £23,494) of the above amount was payable to a group undertaking and was charged in adherence to transfer pricing considerations.

10 Tax on Profit

Total tax expense recognised in the profit and loss account is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

	2019	2018
	£	£
Current tax		
Current tax on income for the year	249,065	98,025
Total Current tax	249,065	98,025
Total Deferred tax	1,321	108,487
Total tax	250,386	206,512

Analysis of current tax recognised in profit and loss

	2019	2018
	£	£
UK corporation tax	249,065	98,025
Total tax recognised in profit and loss	249,065	98,025

Notes *(continued)*

10 Tax on Profit *(continued)*

Reconciliation of effective tax rate

	2019 £	2018 £
Profit/(Loss) for the year	**1,040,733**	924,401
Total tax expense	**250,386**	206,512
Profit excluding taxation	**1,291,119**	1,130,913
Tax using the UK corporation tax rate of 19.0% (2018: 19.0%)	**245,313**	214,874
Non-deductible expenses	**4,365**	867
Recognition of previously unrecognised tax losses or temporary timing differences	**708**	(9,229)
Total tax expense included in profit or loss	**250,386**	206,512

Deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Corporation Tax main rate was set at 19% for the years starting the 1 April 2017, 2018 and 2019 and was to change to 18% for the year starting 1 April 2020. At Budget 2016, the UK Government announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%. The deferred tax asset at 31 December 2019 has been calculated to reflect this rate.

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the Corporation Tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was subsequently enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been enacted at the balance sheet date. Its effects are not included in these financial statements.

Notes *(continued)*

11 Fixed Assets

	Total Fixed Assets	Motor Vehicles	Equipment, Fixtures and Fittings
	£	£	£
Cost			
Balance at 1st January 2019	341,650	175,373	166,277
Acquisitions	51,870	27,400	24,470
Disposals	(33,958)	(28,700)	(5,258)
Balance at 31st December 2019	359,562	174,073	185,489
Accumulated Amortisation/Depreciation			
Balance at 1st January 2019	254,187	92,068	162,119
Amortisation/Depreciation for the year	32,390	29,774	2,616
Disposals	(33,897)	(28,700)	(5,197)
Balance at 31st December 2019	252,680	93,142	159,538
Net book value			
At 31st December 2018	87,463	83,305	4,158
At 31st December 2019	**106,882**	**80,931**	**25,951**

Amortisation/Depreciation charge

The amortisation and depreciation of fixed assets are recognised as administrative expenses in the Profit and Loss Account.

12 Stocks

	2019	2018
	£	£
Finished goods for resale	9,490,135	10,131,421
Finished goods in transit to the UK	9,009,711	9,373,242
	18,499,846	19,504,663

Notes *(continued)*

13 Debtors

	2019	2018
	£	£
Trade debtors	**33,498**	22,621
Factored debt	**23,517,986**	26,401,719
Amounts owed by group undertakings	**198,920**	124,481
Prepayments and accrued income	**57,791**	58,120
	23,808,195	26,606,941

The Company factor nearly all turnover. Bad debt protection exists for the majority of factored debt, within specific limits agreed for each customer through arrangements with separate insurers. Since the factors, RBS Invoice Finance, withdrew from offering credit protection to the market during 2018, no amounts advanced by the factors are treated as settlement of the related debtor under previous derecognition criteria. Creditors: amounts falling due within one year, included Advances from factors £17,469,992 (2018: £15,224,285).

Money continues to be advanced by RBS Invoice Finance against the entirety of factored debt, and at 31 December 2019, the Company could generally draw the lower of £25.0m or 90% of the factored debt (subject to customer concentration limits) in advances. Such advances are secured on the underlying trade debtors and they carry interest at rates above base rate.

14 Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank loans and overdrafts	**3,600,000**	3,606,262
Advances from factors ~~not offset against Debtors~~	**17,469,992**	15,224,285
Trade creditors	**211,268**	203,797
Amounts owed to group undertakings	**14,670,905**	20,610,615
Corporation Tax	**114,205**	88,725
Other Taxation and social security	**3,577,552**	4,573,451
Accruals and deferred income	**111,330**	79,506
	39,755,252	44,386,641

Amounts owed to group undertakings included £9,009,711 relating to Goods- in-Transit to the UK (2018: £9,373,242).

Notes *(continued)*

15 Employee benefits

The Company operates a defined contribution pension plans. The total expense relating to these plans in the current year was £78,134 (2018: £79,219).

16 Deferred tax assets

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	**2019**	2018	**2019**	**2018**
	£000	£000	**£000**	£000	**£000**	**£000**
Accelerated capital allowances	**16,597**	17,918	-	-	**16,597**	17,918
Unused tax losses	-	-	-	-	-	-
Tax assets	**16,597**	17,918	-	-	**16,597**	17,918

Deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

17 Called up share capital

	2019	2018
	£	£
Authorised, allotted, called up and fully paid		
1,000,000 (2018: 1,000,000) ordinary shares of £1 each	**1,000,000**	1,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2019	**2018**
	£	**£**
Less than one year	**7,301**	29,205
Between one and five years	-	7,301
More than five years	-	-
	7,301	36,506

During the year £29,205 (2018: £29,205) was recognised in the profit and loss account in respect of operating lease.

Notes *(continued)*

19 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Viohalco SA/NV (incorporated in Belgium).

The largest and smallest group in which the results of the Company are consolidated is that headed by Viohalco SA/NV. The consolidated financial statements of this group are available to the public and may be obtained from its registered office at see note 1, page 13.

20 Financial risk management

The company has exposure to certain area of risk – liquidity, customer credit exposure and metal prices.

Liquidity

The object of the company in managing liquidity risk is to ensure that it can meet its financial obligations as they fall due. The company expects to meets its financial obligations through operating cash flows. This is primarily addressed by factoring. Factored debt as at 31 December 2019, prior to any advance from the factors stood at £23.5m (2018: £26.4m) and the company could have the lower of £25.0m or 90% of that debt (subject to customer concentration limits) in advances.

Customer credit exposure

The company offer credit terms to its customers, which allows payment of debt after the delivery of goods and services. Risk exists to the extent that the customer may be unable to pay the debt of the specified due date. This is largely mitigated by factoring debt, the majority of which is covered by credit insurance, as well as those judgements made when deciding to create any factored or cash debt which is at the company's risk.

Metal Prices

The price of material bought and sold is largely determined by the underlying metal price. Such prices are market determined and can go up or down. These can cause unintended gains and losses. Where stock is to be sold at a pre-agreed price there is little exposure. In many other cases, risk is mitigated by buying material at a provisional price, which is recalculated upon final sale, giving rise to the issue of a suitable debit or credit note from the supplier.