

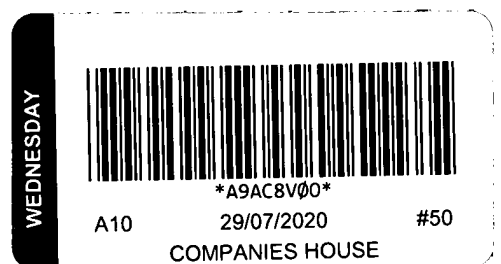
William Rowland Limited

Report and Financial Statements

Year Ended

31 December 2019

Company Number 00853661



William Rowland Limited

**Report and financial statements
for the year ended 31 December 2019**

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Directors

H T K Brown
K L Tazzyman
R M Lowe
D S Sher
N Berry

Secretary and registered office

H T K Brown, Unit 4, Enterprise Way, Tankersley, S75 3DZ

Company number

00853661

Auditors

RSM UK Audit LLP
25 Farringdon Street, London EC4A 4AB

William Rowland Limited

Strategic report for the year ended 31 December 2019

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2019.

Principal activities

The Company's principal activity is that of supplying non-ferrous metals, ferro-alloys, high purity metals and metal powders. The Company is a subsidiary of the Amalgamated Metal Corporation Plc ("AMC").

Review of business

The directors are disappointed with the financial performance of the Company in 2019, however recognise that 2019 was a significant period in the history of the Company as it began the process of moving to a new purpose built facility and continued to expand its range of products and processes.

A strong start to the year was hampered by significant softening of our key markets from Q2 onwards and this impacted profit before tax dropping from £943k in 2018 to £62k in 2019. The reduced profitability was also impacted by the Company's investment in fixed assets which resulted in higher depreciation and interest charges than in previous years. Further costs were incurred in the profit and loss as the company invested in its employees with improved IT facilities and costs associated with the move to a new purpose built facility which occurred after the year end.

The Company's statement of financial position is still strong with net assets of £3.8m and the Company retains the support of its parent Company which provides borrowing facilities.

Despite the lower than planned performance, the directors are positive about the future. Subsequent to the year end, the Company completed its acquisition of a brand new purpose built facility which will improve the Company's transport links to customers, allow for greater efficiency in processes and provide a safer environment for its employees. Continued investment in new plant & machinery for key projects has continued and the directors are confident these investments will add value to the long term profitability of the Company.

The outbreak of coronavirus is the dominant global issue in early 2020 and has led to both a public health and an economic crisis. It is anticipated to have adverse consequences for our results and performance in 2020. We expect the economic crisis will lead to lower demand for metals across the globe, and we will be entering a period where particular focus on credit will be required.

The impact of self-isolation of symptomatic individuals and those living with symptomatic individuals, or government mandated lockdowns, may reduce our production capacity, while our customer base may be operating at reduced capacity. We will act accordingly to ensure the health of our employees is not compromised and the investment in IT we made during the year has allowed for effective working from home where applicable.

The Company has reviewed its short to medium term profitability forecasts and is taking appropriate action to reduce costs. It is forecast to be comfortably within agreed borrowing limits with its parent company.

Key performance indicators

Key financial performance indicators of the Company are:

	2019	2018
	£	£
Sales	46,637,201	58,295,171
Operating profit	437,770	1,258,815
Operating profit % to sales	0.94	2.16
Number of accidents in the year where more than 1 day was lost	0	0

William Rowland Limited

Strategic report for the year ended 31 December 2019

Principal risks and uncertainties and financial instruments

The main financial risks arising from the Company's activities are credit risk, commodity price risk, interest rate risk and liquidity risk. These are monitored by the board of directors.

The Company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made and checks are regularly maintained during the course of any ongoing business relationship. Credit insurance is obtained from the parent company in respect of all sales to customers, unless discretionary limits are agreed or sales are conducted on a pro-forma basis.

The Company's policy in respect of interest rate risk and liquidity risk is to maintain a mixture of long and short term debt finance through our parent company treasury function.

The Company hedges its foreign exchange and commodity price risks, where possible.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The board of directors of William Rowland Limited consider that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2019.

Our People

People are a key factor for our business to succeed. We are proud of the average length of service of our employees. We intend to retain people for the long term and our recruitment strategy is based on offering long, sometimes lifetime, careers in fairly paid and stable jobs. We avoid "zero hour contracts" and where possible we seek to recruit locally.

We encourage our employees to have both fulfilling careers and balanced lives.

We look to our employees to contribute ideas for our future growth, and share the rewards of the business where we are profitable, primarily through discretionary annual bonus schemes. Semi annually we communicate with all employees the performance of the company and any relevant developments affecting the business.

Business Relationships

We value long term relationships with our suppliers and customers and many of our relationships span years and some span decades. We employ robust "know your customer" and "know your supplier" processes across our operations, and we are typically cautious when entering into new relationships.

Community, Environment and Reputation

We believe that a positive and strong culture is the best way to ensure a high level of professional conduct when it comes to health and safety, environment, regulations or business dealings.

We promote a culture of safety, particularly for the staff who are working in our production roles with significant risks associated with hot metal and moving vehicles. Monthly management meetings always start with a review of the company's health and safety record and the message remains that the safety of our staff comes first.

We encourage strong and open relationships with environmental regulators wherever we operate.

The company's policy is to operate in a supply chain that is free from Conflict Minerals. Further details on this policy can be accessed on our parent company's website.

William Rowland Limited

**Strategic report
for the year ended 31 December 2019**

Capital allocation and long term decisions

At least on an annual basis the Board reviews the financial budgets, resource plans and investment decisions for the company. In making decisions concerning the business plan and future strategy, the Board has regard to a variety of matters including the interests of stakeholders, long term consequences of our capital allocation (such expenditure needed to ensure our long term viability whilst maintaining adequate liquidity) and reputation.

Decisions on the level of dividend take into account the general profitability, liquidity and funding needs of the Group and Company.

By order of the board



R Lowe
Director

Date 24/7/20

William Rowland Limited

Directors' report for the year ended 31 December 2019

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

Results and dividends

The profit and loss account is set out on page 9 and shows the profit for the year.

No dividends were declared or paid in respect of the year ended 31 December 2018. The directors do not recommend a dividend in respect of the year ended 31 December 2019.

Financial instruments

Details of financial instruments, financial risk management objectives and policies and exposure to price risk, credit risk, liquidity risk and cash flow risk are set out in the Strategic Report on page 1.

Directors

The directors of the company during the year were:

H T K Brown
K L Tazzyman
R M Lowe
D S Sher
N Berry (appointed 21 February 2019)

Directors liability insurance and indemnity

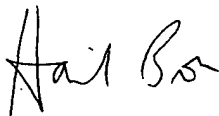
The company has arranged insurance cover in respect of legal action against its directors. To the extent permitted by UK law, the group also indemnifies the directors. These provisions were in force throughout the year and at the date of this report.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The auditors, RSM Audit UK LLP, have been appointed in accordance with section 485 of the Companies Act 2006.

On behalf of the board



H Brown
Director

Date

24th July 2020

William Rowland Limited

Directors' responsibilities statement for the year ended 31 December 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

William Rowland Limited

Independent auditor's report to the members of William Rowland Limited

Opinion

We have audited the financial statements of William Rowland Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

William Rowland Limited

Independent auditor's report (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 and 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 determines 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.

William Rowland Limited

Independent auditor's report (*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 at 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.

RSM UK Audit LLP

*Graham Ricketts (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
25 Farringdon Street, London, EC4A 4AB
United Kingdom*

Date 24 July 2020

William Rowland Limited

Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	46,637,201	58,295,171
(Decrease) / Increase in stocks of finished goods and work in progress		(360,374)	1,736,235
Raw materials and consumables		(42,838,322)	(55,967,015)
Staff costs	5	(1,659,833)	(1,491,352)
Depreciation and other amounts written off fixed assets	10/11	(168,444)	(101,914)
Other operating charges		(1,172,458)	(1,212,311)
Operating profit	4	437,770	1,258,814
Interest payable and similar charges	7	(376,258)	(315,324)
Profit on ordinary activities before taxation		61,512	943,490
Taxation on profit on ordinary activities	8	(12,284)	(184,836)
Profit and total comprehensive income for the financial year		49,228	758,654

All amounts relate to continuing activities.

The notes on pages 12 to 26 form part of these financial statements.

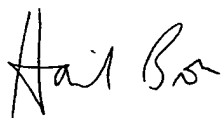
William Rowland Limited

Statement of financial position at 31 December 2019


Company number 00853661	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible fixed assets	10		191,594		-
Tangible assets	11		7,500,019		1,348,520
			7,691,613		1,348,520
Current assets					
Stocks	12	7,442,269		7,976,350	
Debtors	13	7,450,690		8,926,254	
Cash at bank and in hand		631,518		150	
			15,524,477	16,902,754	
Creditors: amounts falling due within one year	14	(12,310,550)		(7,489,771)	
			3,213,927	9,412,983	
Net current assets			3,213,927	9,412,983	
Total assets less current liabilities			10,905,540	10,761,503	
Creditors: amounts falling due after more than one year	15	(7,000,000)		(7,000,000)	
Provisions for liabilities	17	(103,204)		(8,395)	
			3,802,336	3,753,108	
Capital and reserves					
Called up share capital	18	400,000		400,000	
Revaluation reserve		500,415		503,469	
Profit and loss account		2,901,921		2,849,639	
			3,802,336	3,753,108	

The financial statements were approved by the Board of Directors and authorised for issue on

H Brown
Director



R Lowe
Director


 24/7/20

The notes on pages 12 to 26 form part of these financial statements.

William Rowland Limited

Statement of changes in equity for the year ended 31 December 2019

	Share capital £	Revaluation reserve £	Profit and loss £	Total equity £
At 1 January 2018	400,000	506,523	2,087,931	2,994,454
Profit and total comprehensive income for the financial year	-	-	758,654	758,654
Dividends	-	-	-	-
Reserve transfers	-	(3,054)	3,054	-
At 31 December 2018	400,000	503,469	2,849,639	3,753,108
At 1 January 2019	400,000	503,469	2,849,639	3,753,108
Profit and total comprehensive income for the financial year	-	-	49,228	49,228
Dividends	-	-	-	-
Reserve transfers	-	(3,054)	3,054	-
At 31 December 2019	400,000	500,415	2,901,921	3,802,336

The purpose of each reserve within equity is as follows:

Share capital	The nominal value of allotted and fully paid up ordinary share capital
Revaluation reserve	Cumulative revaluation gains in respect of freehold property recognised in other comprehensive income
Profit and loss account	Cumulative net gains and losses recognised in the statement of comprehensive income

The notes on pages 12 to 26 form part of these financial statements.

William Rowland Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies

Company information

William Rowland Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office and principle place of business is given on the contents page and the nature of the company's operations is stated in the strategic report.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the requirements of the Companies Act 2006 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008, and under historical cost convention, unless stated below.

The accounts have been prepared in the company's functional currency, pounds sterling.

The financial statements are included within the consolidated group financial statements of Amalgamated Metal Corporation Plc. The accounts have been prepared using the reduced disclosure exemptions permitted by FRS 102 and therefore do not include:

- The requirements of Section 7 Statement of cash flows;
- The requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Amalgamated Metal Corporation Plc and these financial statements may be obtained from the Amalgamated Metal Corporation Plc company website.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The following principal accounting policies have been applied:

Going concern

The Company's business activities and performance are set out in the Strategic Report. As explained in more detail in the Strategic report, the effect of Coronavirus is likely to have negative consequences for the performance of the Company in 2020. Mitigating actions have already been put in place to reduce the Company's cost base and bring down its investment in working capital and thus borrowings. Investment in key development projects in 2019 are expected to bring incremental gross margin to the business which will help to minimise the overall financial impact on the Company.

The Company is expected to continue to have access to adequate funding resources for at least 12 months following the date of signing of the financial statements, and has received confirmation that the long-term loan facility detailed in note 15 to these financial statements will be available for at least that period. The directors are confident that the parent company will not reduce the level of funding such that the company would not be able to continue to trade for that period. The Company participates in the Group's centralised treasury arrangement and so shares banking arrangements with its parent and fellow subsidiaries. On the basis of their assessment of the Company's financial position and of the enquiries made of Amalgamated Metal Corporation Plc, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for at least 12 months following the signing of the financial statements. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised when significant risks and rewards of ownership have passed to the buyer, and it is probable the Company will receive the consideration. Generally, this occurs when goods are delivered to the buyer. Revenue is measured at the total value of goods and services provided excluding discounts, rebates and value added tax.

William Rowland Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies (continued)

Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Where grants impose performance conditions, income is only recognised to the extent that the directors are confident that the performance conditions will be met. Grants relating to expenditure on tangible fixed assets are credited to profit and loss at the same rate as the depreciation on the asset to which the grant relates. The deferred element of grants is included in creditors as other creditors.

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date.

Freehold land and buildings

As permitted by the FRS 102 transition rules, the Company elected to treat the revalued amount of freehold land and buildings under previous UK GAAP as the deemed cost. Freehold land and buildings are therefore stated at deemed cost plus the cost of subsequent additions less subsequent accumulated depreciation. Annually a transfer of the excess depreciation charged is made between the profit and loss reserve and the revaluation reserve.

Assets in the course of construction are carried at cost, including professional fees and directly attributable costs that are necessary to bring the asset to its operating condition. Depreciation commences when the assets are ready for their intended use.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values evenly over their expected useful lives. It is calculated at the following rates:

Freehold buildings	- 2%
Plant and machinery	- 15% - 25%
Motor vehicles	- 25%
Office equipment, fixtures and fittings	- 15% - 25%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

Impairment of fixed assets

Fixed assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

William Rowland Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies (continued)

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software	-	25%
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Amortisation is included in 'depreciation and other amounts written off fixed assets' in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

Stocks

Stocks, other than stocks of London Metal Exchange ("LME") traded metals held as part of a trading position, are valued at the lower of cost and net realisable value. Cost is calculated using the specific cost of acquisition.

At each balance sheet date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment is recognised in profit or loss.

LME-traded metal stocks held as part of a trading position are stated at fair value less costs to sell with movements in fair value recognised in profit or loss.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Financial instruments

The company has elected to apply provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Recognition and measurement of financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Classification of financial instruments

Financial instruments are classified as assets, liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less and amounts settled and any impairment losses.

William Rowland Limited

Notes forming part of the financial statements for the year ended 31 December 2019

1 Accounting policies (continued)

Impairment of financial assets carried at amortised cost

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment. Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipts from that asset.

Financial liabilities

Financial liabilities comprise trade creditors, other creditors, amounts owed to group undertakings, these are initially recorded at cost on the date they originate, and are subsequently carried at amortised cost under the effective interest method. Financial liabilities that are payable within one year are measured at the undiscounted amount of cash or other consideration expected to be paid.

Non-basic financial instruments

The Company operates a risk reduction policy to restrict exposure to profits or losses arising from fluctuating currency rates and base metals prices by using financial derivatives, specifically currency and metals forward contracts entered into with a fellow subsidiary undertaking.

Derivatives are non-basic financial instruments. Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. Where derivative contracts are held as part of an overall trading position on LME-traded metals, the fair value of physical sales and purchase orders is also recognised and forms part of the fair value of the overall derivative position. Changes in the fair value of derivatives are recognised in profit or loss as appropriate and are included in raw materials and consumables.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

William Rowland Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Leased assets

All lease contracts are operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

The company participates in a defined benefit pension scheme operated by its UK holding company, Amalgamated Metal Corporation Plc. Contributions to the scheme are based on pension costs across the group as a whole and are based on professional and independent actuarial advice. There is no contractual agreement or stated policy for charging the net defined benefit cost to individual group entities, therefore company contributions to the scheme are recognised within profit and loss on an accruals basis. The pension cost represents contributions during the period to the Group defined benefit scheme, the level of which is based on the recommendations of the actuary and insurance companies.

The company also makes contributions to the defined contribution pension scheme and various defined contribution schemes for certain employees. Amounts are charged to the profit and loss account in the year in which they become payable.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determined that sales and purchase orders held as part of an overall trading position on LME-traded metals constitute financial instruments, and by extension that they should be recognised and measured at fair value within derivative financial instruments debtors or creditors.
- Determined whether interest charged on the company's long-term intra-group loan facility is at a market rate. The judgement that interest is charged at a market rate has resulted in the fair value of the long term liability being determined to equate to the amount borrowed.
- Determined whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty

- *Fixed assets (see notes 10 and 11)*

Fixed assets are amortised or depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Stock (see note 12)*

At each reporting date, stock is assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to sell. The impairment loss is recognised immediately in profit and loss.

- *Trade debtors (see note 13)*

At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment, the carrying value of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in profit and loss.

William Rowland Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

3 Analysis of turnover

	2019 £	2018 £
Analysis of turnover by country of destination:		
United Kingdom and Continental Europe	38,208,995	48,565,390
North and Central America	1,850,151	2,322,242
Asia	6,258,423	7,262,590
Other	319,632	144,949
	46,637,201	58,295,171

Turnover is wholly attributable to the principal activity of the company.

4 Operating profit

	2019 £	2018 £
This is arrived at after charging:		
Inventory recognised as an expense	42,838,322	55,967,015
Depreciation of tangible fixed assets	116,538	101,914
Amortisation of intangible assets	51,906	-
Hire of plant and machinery - operating leases	42,144	92,928
Hire of other assets - operating leases	42,826	6,300
Fees payable to the company's auditor for the auditing of the company's annual accounts	20,000	22,300
	20,000	22,300

5 Employees

	2019 £	2018 £
Staff costs (including directors) consist of:		
Wages and salaries	1,304,118	1,316,421
Social security costs	144,862	126,798
Other pension costs	68,571	48,133
Defined benefit pension cost	142,282	-
	1,659,833	1,491,352

The average number of employees (including directors) during the year was as follows:

	2019 Number	2018 Number
Hourly paid	14	14
Salaried	22	19
	36	33

William Rowland Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

6 Directors' remuneration

	2019 £	2018 £
Directors' emoluments	320,436	214,672
Contributions to money purchase pension schemes	14,115	12,518
	334,551	227,190
	334,551	227,190
	2019 £	2018 £
Highest paid director		
Directors' emoluments	162,936	141,967
Contributions to money purchase pension schemes	11,835	12,518
	174,771	154,485
	174,771	154,485

Current year emoluments represent amounts paid to 3 directors (2018 – 2 directors). The remaining directors are remunerated by the parent company and it is not practicable to allocate their remuneration across individual subsidiary entities.

7 Interest payable and similar charges

	2019 £	2018 £
Bank loans and overdrafts	587	430
Loans from group companies	375,671	314,894
	376,258	315,324
	376,258	315,324

William Rowland Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

8 Taxation on profit on ordinary activities

	2019 £	2018 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	(82,522)	171,660
<i>Deferred tax</i>		
Origination and reversal of timing differences	94,806	13,176
	12,284	184,836
Taxation on profit on ordinary activities	12,284	184,836

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	61,512	943,492
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018 – 19%)	11,687	179,262
Effect of:		
Expenses not deductible for tax purposes	5,427	5,574
Differences in rate of tax	(4,800)	-
	12,284	184,836
Taxation on profit on ordinary activities	12,284	184,836
<i>Factors that may affect future tax charges</i>		

The UK corporation tax rate reduced to 19% on 1 April 2017 and is currently enacted to reduce to 17% from 1 April 2020. This will reduce the company's future tax charge accordingly.

9 Dividends

	2019 £	2018 £
Ordinary shares		
Prior year final dividend of £nil (2018 - £nil) per share	-	-
	-	-

William Rowland Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

10 Intangible assets

	Software and website costs
	£
<i>Cost or deemed cost</i>	
At 1 January 2019	-
Additions	37,000
Disposals	-
Transfer from tangible assets	206,500
	<hr/>
At 31 December 2019	243,500
	<hr/>
<i>Amortisation</i>	
At 1 January 2019	-
Charge for year	51,906
Disposals	-
	<hr/>
At 31 December 2019	51,906
	<hr/>
<i>Net book value</i>	
At 31 December 2019	191,594
	<hr/> <hr/>
At 31 December 2018	-
	<hr/> <hr/>

The transfer of intangible assets relates to software costs which were previously recorded as assets in the course of construction in the prior year

William Rowland Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

11 Tangible fixed assets

	Freehold land and buildings	Plant and machinery £	Fixtures and fittings £	Assets in the course of construction £	Total £
<i>Cost or deemed cost</i>					
At 1 January 2019	925,806	797,167	537,292	301,119	2,561,384
Additions	842,684	34,241	258,929	5,338,683	6,474,537
Transfer to/(from) assets in the course of construction	1,524	-	-	(1,524)	-
Transfer to intangible assets	-	-	-	(206,500)	(206,500)
Disposals	-	-	-	-	-
At 31 December 2019	1,770,014	831,408	796,221	5,431,778	8,829,421
<i>Depreciation</i>					
At 1 January 2019	139,699	567,672	505,493	-	1,212,864
Charge for year	25,280	69,353	21,905	-	116,538
Disposals	-	-	-	-	-
At 31 December 2019	164,979	637,025	527,398	-	1,329,402
<i>Net book value</i>					
At 31 December 2019	1,605,035	194,383	268,823	5,431,778	7,500,019
At 31 December 2018	786,107	229,495	31,799	301,119	1,348,520

As at 31 December 2019 the company was committed to future capital expenditure amounting to £916,668 (2018: £nil).

Assets in the course of construction primarily relates to the construction of a new building which will be occupied in in 2020.

William Rowland Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

12 Stocks

	2019 £	2018 £
Goods for resale	<u>7,442,269</u>	<u>7,976,350</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

An impairment loss of £174,361 (2018 - £4,510) was recognised in cost of sales against stocks deemed to be slow moving, obsolete or where the carrying value was in excess of current market values.

13 Debtors

	2019 £	2018 £
Trade debtors	6,082,981	8,209,699
Amounts owed by group undertakings	447,666	428,380
Derivative financial instruments (note 16)	620,059	128,341
Other debtors and prepayments	133,362	159,834
Corporation tax	166,622	-
	<u>7,450,690</u>	<u>8,926,254</u>

All amounts shown under debtors fall due for payment within one year.

The charge recognised in the profit or loss for the period in respect of bad and doubtful trade debtors was £nil (2018 - £Nil).

William Rowland Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

14 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	-	15,223
Trade creditors	2,792,685	3,028,299
Amounts owed to group undertakings	8,277,408	1,346,870
Corporation tax	-	57,661
Other taxation and social security	375,662	1,104,162
Derivative financial instruments (note 16)	14,706	160,844
Other creditors	137,384	10,844
Accruals and deferred income	712,705	1,765,868
	12,310,550	7,489,771

The company secured a capital grant of £250,000 from Sheffield City Region Business Investment Fund in 2018 to assist with the funding of the freehold property development. Actual grants received by the Company in 2019 totalled £129,075 with the balance due after the year end. The grant has been accounted for under the accruals model with income being recognised on a systematic basis over the useful economic life of the property (50 years), with the liability of £129,075 included within other creditors. No credit to profit and loss was recorded in the year as the property is still under development.

The grant includes a performance condition requiring the company to create an additional number of jobs over a period of 3 years. The directors have assessed progress against the performance condition and are confident that the performance conditions will be achieved.

15 Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	7,000,000	7,000,000
	7,000,000	7,000,000

The long-term loan facility has been increased to £12 million and made available by the parent company until 31 July 2021.

The loan is interest bearing and attracts interest at a margin of 2% over the underlying cost of funds to the group treasury facility.

William Rowland Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (continued)

16 Financial instruments

	2019 £	2018 £
Financial assets		
Derivative financial instruments at fair value through profit and loss	620,059	128,341
Financial liabilities		
Derivative financial instruments at fair value through profit and loss	14,706	160,844

Derivative financial instruments not designated as hedges comprise currency and metals forward contracts. Where derivative contracts are held as part of an overall trading position on LME-traded metals, the fair value of physical sales and purchase orders is also recognised and forms part of the fair value of the overall derivative position. Fair value is determined by reference to quoted prices and exchange rates in active metal and currency markets.

All movements in fair value are reflected directly in profit or loss. Operating profits include net profits of £637,856 (2018 – net losses of £109,802) in respect of financial instruments held at fair value through profit and loss.

17 Provisions for liabilities

	Deferred Taxation £
At 1 January 2019	(8,395)
Additional provision in the year	(94,809)
	(103,204)
At 31 December 2019	(103,204)

Deferred taxation

	2019 £	2018 £
The amount of deferred tax provided for is as follows:		
Accelerated depreciation	(103,204)	(8,395)

18 Share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
400,000 ordinary shares of £1 each	400,000	400,000

William Rowland Limited

Notes forming part of the financial statements for the year ended 31 December 2019 (continued)

19 Pensions

The company participates in a defined benefit pension scheme operated by its UK holding company, Amalgamated Metal Corporation Plc. Contributions to the scheme are based on pension costs across the group as a whole and are based on professional and independent actuarial advice. There is no contractual agreement or stated policy for charging the net defined benefit cost to individual group entities, therefore costs in respect of the defined benefit scheme represent contributions made by the company. The defined benefit scheme was closed to new joiners from 1st January 2003 and from that date new employees are offered a defined contribution Group Personal Pension Plan.

The company made contributions totalling £142,282 (2018: £nil) during the year. There were no outstanding contributions at the end of 2019 or 2018. Full details of the defined benefit pension scheme are included in the consolidated financial statements of Amalgamated Metals Corporation Plc, which are available at the company's website.

The company makes contributions to the Group personal pension plan and various defined contribution schemes, the level of which is based on the recommendations of the actuary and insurance companies.

The pension charge for non-defined benefit schemes amounted to £68,571 (2018 - £48,133). There were outstanding contributions of £8,157 (2018 - £5,500) at the year end.

20 Commitments under operating leases

The company had minimum lease payments under non-cancellable operating leases as set out below:

	Other 2019 £	Other 2018 £
Not later than 1 year	32,922	61,726
Later than 1 year and not later than 5 years	40,606	78,154
Total	<u>73,528</u>	<u>139,880</u>

21 Related party disclosures

The company is a wholly owned subsidiary of Amalgamated Metal Corporation Plc and has taken exemption from disclosing transactions and balances with 100% subsidiaries included within the consolidated accounts of that company.

The company made purchases from one of the fellow subsidiaries in the AMC Group that is not 100% owned, Thailand Smelting and Refining Company Limited to the value of £1,020,913 (2018: £3,077,905), sales of £1,845,588 (2018: £1,711,236) and had amounts receivable of £296,685 (2018: £218,874) at the year-end.

Key management personnel are the directors of the company. The total compensation paid by the company to key management personnel for services provided to the company was £362,490 (2018 - £246,310).

William Rowland Limited

Notes forming part of the financial statements
for the year ended 31 December 2019 (*continued*)

22 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Amalgamated Metal Corporation plc. The company's ultimate parent undertaking is AMCO Investments Limited ("AMCO"), a company incorporated in England and Wales.

AMCO is the parent of the largest group of undertakings for which consolidated financial statements are drawn up and of which the company is a member. Copies of the consolidated financial statements of AMCO are available from Companies House.

Amalgamated Metal Corporation Plc is the parent of the smallest group of undertakings for which consolidated financial statements are drawn up and of which the company is a member. Copies of the consolidated financial statements are available at the company's registered office: 55 Bishopsgate, London EC2N 3AH.

23 Post balance sheet events

On 12 February 2020 the company acquired the entire share capital of E.F. Westaway Limited ('Westaway') for £1.0 million paid in cash.

Westaway offers a range of chemical finishing processes for exotic metal components including pickling, etching, passivation and ceramic core removal. It serves several industries requiring high integrity inspection, including auto sport, energy, automotive, and aerospace and defence and holds aerospace approvals, AS9100B, and NADCAP. On acquisition Westaway had £0.7 million in cash. The process of fair valuing Westaway has not been completed at the date of these financial statements.

All amounts are disclosed as provisional.

Corona Virus

As explained further in the Strategic Report, the spread of the Coronavirus in early 2020 has led to both a public health and an economic crisis. It is anticipated to have adverse consequences for our results and performance in 2020. The company invested during the year in additional IT infrastructure which enabled it to allow remote working for a significant proportion of employees during this period. The company is actively reviewing its cost base and borrowing facilities with its parent company to minimise the financial impact of Coronavirus on our business.