All Metal Services Limited

Annual report and financial statements

Registered number: 01159685

For the year ended 31 December 2022

Contents

Strategic report

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2022.

Business review and future developments

The principal activities of the Company continued to be the wholesaling of aluminium, steel, titanium and other metals to aircraft and aircraft component manufacturers around the world, offering full or cut to size materials. The Company operates branches throughout the UK, France and Ireland.

The business saw an increase in sales in 2022 by 56.8% *(2021 decrease 8.7%)* with a 18.8% increase in tons sold (*2021 Increase: 2.1%*). Gross profit margins increased in the year to 17.5% *(2021: 12.3%)*. The increase in sales and margins are a result of the gradual recovery of the airline industry from Covid-19. Removal of lockdowns and travel restrictions have driven strong recovery for commercial flights, as a consequence build rates for aircraft are increasing significantly. It is anticipated build rates will recover to pre-Covid levels by 2025.

Operating profit margin has increased in the period to a profit of 7.8% *(2021: 4.3% loss)*. The improvement in margin is due to improved cost control and operational efficiencies.

Our employees remain a critical element to the continued success of the business in providing customers with excellent service and reliability. The senior managers within the business continue to work hard to ensure the best possible people are in the business and that they are achieving their full potential.

The key objectives for 2023 will be:

- Continue to grow turnover and gross margins;
- Growth in market share by increasing sales presence through customer development and value-added services;
- Actively seeking diversification opportunities; and
- Management of stock purchases and improvement in working capital ratios.

Principal risks and uncertainties

The market for the supply of aerospace materials to aircraft manufacturers and their sub contractors remains competitive. The business seeks to manage the risk of losing customers to key competitors (in all of its global markets) through high levels of service to its customers, by having the shortest lead times in the supply and distribution of its products and by maintaining strong relationships with all key customers and suppliers. In addition, the Company continues to invest in its employees, business systems and plant and machinery to ensure the continual introduction of high quality, cost optimised service.

Despite the cost of living crisis seen in the UK, demand for flying is strong and forecast to keep growing in the coming years. AMS is well placed as an integral supplier in the supply chain to take advantage of the airline industry rebound and forecast growth in the coming years.

The main financial risks arising from the Company's activities are credit risk and foreign exchange risk. The Company's credit risk is attributable to its trade debtors. The risks are substantially reduced due to management of credit risk by the Company running regular credit checks on new and existing customers and following strict credit control procedures.

Customers demand supplies priced in US Dollars to minimise their exposure to movements in the foreign currency markets. The Company also purchases materials in US Dollars from suppliers domestically and overseas. The business is therefore exposed to fluctuations in foreign currencies. This exposure is managed by the business by ensuring there is a sufficient natural hedge between debtors and creditors trading in US Dollars.

Strategic report *(continued)*

The Company has produced budgets and cash flow forecasts which indicate that the Company will continue to trade within available facilities and thus the accounts have been prepared on the going concern basis. In addition, any funding requirements the Company may have will be met by its parent.

Section 172 and Stakeholder engagement statement

All Metals Services Limited, along with our parent company, Reliance Steel and Aluminium Co., are committed to mitigating the impact our products and operations have on the environment. As a metal service centre, our day-to-day business consists of the sale, distribution and processing of a broad variety of metal products, sourced from numerous primary metal producers. Our operations, by nature, do not emit significant amounts of carbon dioxide or other greenhouse gasses or have a significant impact on the environment.

As part of our commitment to sustainability, we:

- Work with environmentally responsible suppliers;
- Purchase a significant volume of metal produced in electric arc furnaces that consume recycled material;
- Sell scrap material generated in our operations to recyclers;
- Minimize the use of energy, water and natural resources;
- Use propane to operate forklifts and have installed natural and energy efficient lighting in many of our operations;
- Utilize energy efficient diesel vehicles that consume less fuel and reduced emissions;
- Avoid the use of hazardous materials;
- Replacement of old equipment with new energy efficient machines;
- Remain compliant and receive annual certification on the disposal of waste in our operations; and
- Environmental statement updated on an annual basis and is part of our QMS.

The employee code of conduct which covers social and environmental responsibility, information security, anti-bribery and anti-corruption policies are provided to all employees upon joining the Company.

The Company has a diverse workforce and facilitates changes to working environments and, where business requirements allow, the working hours to accommodate the needs and interests of its employees. The directors understand the need to act fairly between members of the Company.

In accordance with streamlined energy and carbon reporting requirements, during the year ended 31 December 2022, the Company's energy usage was as follows.

	UK GHG Emission and Energy Data
Emissions from combustion of gas tCO_2e	315
Emissions from purchased electricity tCO_2e	190
Total gross CO_2e based on above (tCO_2e)	505
Intensity ratio: total tCO_2e / £m turnover	4.0

Note the above table does not include data for consumption of fuel for the purpose of transport or business travel, as it is not practical to obtain this information. The above carbon emissions data is derived from gas and electricity consumption during the year.

Strategic report *(continued)*

Company's business relationships with customers, suppliers and other businesses

The business is integral to the complex airline industry supply chain. We have strong relationships with our key customers. The Head of Commercial regularly meets with our customers to maintain these relationships and to ensure we are providing the best service and we are able to meet future customer demands. All commercial decisions are made with the customers' needs in mind. There are KPIs that look at our on time deliveries to customers and quality of goods provided to ensure we sustain our consistenyly high levels of service.

Our strong relationships with suppliers enable us to buy in bulk. We agree minimum order quantities with suppliers to ensure the relationship is beneficial for all parties. The open dialogue maintained with suppliers by the head of purchasing enables us to react quickly to changes in demand.

In addition to the above stakeholders, the Directors consider regulatory bodies, external consultants and other third parties the company deals with to be stakeholders of the business. All significant business decisions are made openly and honestly considering the long-term interests of all stakeholders. There is a strong focus to ensure we maintain our reputation for high standards of business conduct.

Key performance indicators

The directors measure the business performance on revenue £126.1 million *(2021: £80.4 million)*, tonnage sold 18,232 *(2021: 15,344)*, gross margin £22.1 million *(2021: £9.8 million)* and operating profit £9.9 million *(2021: loss £3.5 million)*.

On behalf of the board

M P Cooney
Director

Date: 27 July 2023

Directors' report

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

Results and dividends

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

During the year the directors recommended and paid dividends of £Nil *(2021: £9,000,033)*.

The directors do not recommend the payment of a final dividend *(2021: £Nil)*.

Future developments

A review of the business and future developments is set out within the strategic report.

Financial risk management

A review of the business financial risk management is set out within the strategic report.

Directors

The directors of the company during the year and up to the date of this report are:

K R Lewis
M P Cooney
W K Sales Jr (resigned 28 January 2022)
J D Hoffman (resigned 11 April 2023)
A Ajemyan (appointed 28 January 2022)
S P Koch (appointed 11 April 2023)

Disclosure of information to auditor

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 auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Cooper Parry Group Limited were appointed as auditors during the year.

By order of the board

M P Cooney
Director

Date: 27 July 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue 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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALL METAL SERVICES LIMITED

Opinion

We have audited the financial statements of All Metal Services Limited (the 'company') for the year ended 31 December 2022, which comprise of the profit and loss account, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable by 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 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALL METAL SERVICES LIMITED (continued)

Opinion 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 has 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 the 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; or

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Our assessment focused on key laws and regulations the company has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALL METAL SERVICES LIMITED (continued)

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and walkthroughs;
- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud, designing our audit procedures to respond to our risk assessment; and
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates, including the warranty provision, for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. 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.

Emre Saka (Senior Statutory Auditor)

for and on behalf of
Cooper Parry Group Limited

Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

Date: 27 July 2023

Profit and Loss Account and Other Comprehensive Income
For the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover	2	126,106,530	80,402,323
Cost of sales		(104,013,924)	(70,552,986)
Gross profit		22,092,606	9,849,337
Distribution costs		(10,381,386)	(11,010,892)
Administrative expenses	3	(1,853,232)	(2,291,607)
Operating profit/(loss)		9,857,988	(3,453,162)
Other interest receivable and similar income	6	126,110	109,587
Interest payable and similar expenses	7	-	(234,853)
Profit/(loss) before taxation		9,984,098	(3,578,428)
Tax on profit/(loss)	8	(2,250,694)	777,382
Profit/(loss) for the financial year		7,733,404	(2,801,046)
Other comprehensive loss			
Items that will not be reclassified to profit and loss:			
Foreign currency translation		(87,106)	326,730
Total comprehensive profit/(loss) for the year		7,646,298	(2,474,316)

All amounts relate to continuing activities.

There were no recognised gains or losses for 2022 or 2021 other than those included in the profit and loss account.

The notes on pages 12 to 24 form part of these financial statements.

Balance Sheet
At 31 December 2022

	Note	2022 £	£	2021 £	£
Tangible assets	9		5,033,778		4,893,808
Investments	10		1,373,129		1,373,129
			6,406,907		6,266,937
Current assets					
Stock	11	41,528,884		30,771,615	
Debtors	12	50,810,894		36,692,610	
Cash at bank and in hand		2,612,378		9,930,389	
		94,952,156		77,394,614	
Creditors: amounts falling due within one year	13	(22,828,663)		(12,777,449)	
Net current assets			72,123,493		64,617,165
Total assets less current liabilities being net assets			78,530,400		70,884,102
Capital and reserves					
Called up share capital	16		3,232,480		3,232,480
Share premium account			1,636,065		1,636,065
Profit and loss account			73,661,855		66,015,557
Shareholders' funds			78,530,400		70,884,102

The notes on pages 12 to 24 form part of these financial statements.

These financial statements were approved by the board of directors on 21 July 2023 and were signed on its behalf by:

M P Cooney
Director

Statement of Changes in Equity

	Called up Share capital £	Share Premium account £	Profit and loss account £	Total equity £
Balance at 1 January 2021	3,232,480	1,636,065	77,489,906	82,358,451
Total comprehensive income for the period				
Loss for the year	-	-	(2,801,046)	(2,801,046)
Dividends paid	-	-	(9,000,033)	(9,000,033)
Other comprehensive income	-	-	326,730	326,730
Balance at 31 December 2021	3,232,480	1,636,065	66,015,557	70,884,102
Balance at 1 January 2022	3,232,480	1,636,065	66,015,557	70,884,102
Total comprehensive loss for the period				
Profit for the year	-	-	7,733,404	7,733,404
Other comprehensive income	-	-	(87,106)	(87,106)
Balance at 31 December 2022	**3,232,480**	**1,636,065**	**73,661,855**	**78,530,400**

The notes on pages 12 to 24 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

All Metal Services Limited (the "Company") is a private company incorporated, domiciled and registered in the United Kingdom. The registered number is 1159685 and the registered address is 5 Midpoint Park, Kingsbury Road, Minworth, Sutton Coldfield, B76 1AF England.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements are in Sterling.

The Company's ultimate parent undertaking, Reliance Steel & Aluminum Co. ("Reliance"), includes the Company in its consolidated financial statements. The consolidated financial statements of Reliance are available to the public and may be obtained from www.rsac.com. 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 period;
- Cash flow statement and related notes;
- Key management personnel compensation;and
- Disclosing transactions with its parent undertaking and other group undertakings where 100% of the voting rights are controlled within the group.

As the consolidated financial statements of ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS102.26 Share-Based Payment; and
- 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 periods 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 potential risk of material adjustment in the next year are discussed in note 1.15.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern and basis of preparation

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides the company will have sufficient funds, through its working capital, to meet its liabilities as they fall due for that period.

The directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The Company operates a branch in a France. The functional currency of this branch is Euros, which has given rise to a foreign currency translation difference. This has been presented as other comprehensive loss.

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.

Investments in subsidiaries

Financial statements for the subsidiaries included within the Company's investments are prepared separately and filed with the registrar of companies in China, India and Malaysia. Investments in subsidiaries are stated at cost less impairment.

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.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. If this cannot be determined, the incremental borrowing rate is used. The incremental borrowing rate is deemed to be the rate that, at the inception of the lease, would be incurred to borrow over a similar term, and with a similar security, the funds necessary to purchase the asset. Lease payments are accounted for as described at 1.13 below.

The company assesses at each reporting date whether tangible fixed assets (including those 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 part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings — 50 years
- Leasehold land and buildings — the shorter of period of the lease or 50 years
- Plant and machinery — 5 years
- Motor vehicles — 3 years
- Fixtures and fittings — between 5 and 7 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 Government grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the relevant conditions and the grant will be received. Government grants are recognised in the income statement, either on a systematic basis when the Company recognises, as expenses, the related costs that the grants are intended to compensate or, immediately, if the costs have already been incurred. The Company has elected to present grants related to income as a reduction to the related expense line.

1.8 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, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.9 Impairment excluding stock 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Impairment excluding stock and deferred tax assets (continued)

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

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in 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 periods are 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.

1.10 Employee benefits

Defined contribution plans

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

Share-based payment transactions

Where the Company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis of such allocation is disclosed in note 20.

1.11 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.

1.12 Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Turnover is recognised at the point risk and rewards of ownership pass to the customer, which is normally on despatch.

1.13 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Expenses (continued)

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable on amounts owed to group undertakings and finance leases recognised in profit or loss using the effective interest method.

Other interest receivable and similar income include interest receivable on amounts owed by group undertakings.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.14 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 periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.15 Judgements in applying accounting policies and key sources of estimation

The preparation of financial statements requires management to make estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the company's accounting policies. 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.

The directors consider there to be no estimates or judgements that are likely to have a material impact on the financial statements.

2 Turnover

	2022 £	2021 £
By geographical market		
United Kingdom	**80,045,749**	48,673,031
Europe	**31,926,072**	23,222,574
Rest of the world	**14,134,709**	8,506,718
	126,106,530	80,402,323

Turnover is wholly attributable to the sales of goods as part of the principal activity of the Company.

Notes *(continued)*

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2022	2021
	£	£
Depreciation of tangible fixed assets	**899,786**	917,095
Hire of plant and machinery – operating leases	**244,814**	542,617
Hire of other assets – operating leases	**928,913**	1,127,197
Net foreign exchange loss	**(2,156,576)**	(544,776)
Net Loss On Disposal of Tangible Assets	**(10,380)**	-

Auditor's remuneration:

	2022	2021
	£	£
Audit of these financial statements	**62,500**	68,000

4 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	
	2022	2021
Sales	**32**	32
Warehouse distribution	**91**	85
Administration	**25**	24
	148	141

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	**5,839,289**	5,305,723
Social security costs	**951,008**	625,689
Contributions to defined contribution plans	**162,048**	107,648
	6,952,345	6,039,060

5 Directors' remuneration

The renumeration included in the these financial statements for directors' qualifying services is £342,624 (2021: £164,452). The highest paid director earns £342,624, there are no pension costs. Certain of the directors are employed by other companies within the Reliance Steel & Aluminum Co. group and are paid directly by those companies. As their services to individual companies within the group is not separately identifiable, the emolument they receive in respect of their as directors of this company are not disclosed in these financial statements as it is not practical to do so.

Notes *(continued)*

6 Other interest receivable and similar income

	2022 £	2021 £
Interest receivable on amounts owed by group undertakings	**126,110**	109,587

7 Interest payable and similar expenses

	2022 £	2021 £
Interest payable on amounts owed to group undertakings	-	234,853

8 Taxation

Total tax credit recognised in the profit and loss account

	2022 £	£	2021 £	£
Current tax				
Current tax on income for the period	**1,562,451**		(563,415)	
Foreign Withholding Taxes	**10,145**			
Adjustments in respect of prior periods	**3,284**		7,487	
Total current tax		**1,575,880**		(555,928)
Deferred tax (see note 14)				
Origination and reversal of timing differences	**522,996**		(94,305)	
Adjustments in respect of prior periods	**(13,339)**		1,424	
Change in tax rate	**165,157**		(128,573)	
Total deferred tax		**674,814**		(221,454)
Total tax		**2,250,694**		(777,382)

Notes *(continued)*

8 Taxation *(continued)*

Reconciliation of effective tax rate

	2022 £	2021 £
Profit/(loss) excluding taxation	**9,984,098**	(3,578,428)
UK Taxes		
Tax using the UK corporation tax rate of 19.0% *(2021: 19.0%)*	**1,896,979**	(679,901)
Increase/(reduction) in tax rate on deferred tax balances	**165,157**	(128,573)
Non-taxable income	**(53,375)**	(8,023)
Non-deductible expenses	**40,329**	31,496
(Over)/Under provided in prior years	**(10,055)**	8,909
Foreign Witholding Tax Suffered	**10,145**	-
Share options	**7,976**	(1,290)
Tax charge/(credit) included in profit or loss	**2,057,156**	(777,382)
French Taxes		
French Corpoartion Tax Suffered	**600,211**	-
Non-deductible expenses	**90**	-
Carry Forward Losses Utilised	**(406,763)**	-
Tax charge included in profit or loss	**193,538**	-
Total tax charge/(credit) included in profit or loss	**2,250,694**	(777,382)

Factors that may affect future current and total tax charges/(credits)

In the 3 March 2021 budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will increase the company's future tax charge accordingly. Deferred tax assets/liabilities have been recognised on timing differences considering the effective rate when these differences are expected to reverse.

9 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Fixture and fittings £	Total £
Cost					
At beginning of year	4,767,866	341,005	8,200,810	1,723,222	15,032,903
Additions	12,080	9,798	579,752	340,878	942,508
Disposals	-	-	-	(26,917)	(26,917)
Foreign currency revaluation	48,611	41,375	71,429	13,335	174,750
At end of year	4,828,557	392,178	8,851,991	2,050,518	16,123,244
Depreciation and impairment					
At beginning of year	(1,366,728)	(213,018)	(7,178,803)	(1,380,546)	(10,139,095)
Depreciation charge for the year	(105,724)	(69,186)	(540,934)	(183,942)	(899,786)
Disposals	-	-	-	16,538	16,538
Foreign currency revaluation	(23,829)	-	(35,118)	(8,176)	(67,123)
At end of year	**(1,496,281)**	**(282,204)**	**(7,754,855)**	**(1,556,126)**	**(11,089,466)**
Net book value					
At 31 December 2022	**3,332,276**	**109,974**	**1,097,136**	**494,392**	**5,033,778**
At 31 December 2021	3,401,138	127,987	1,022,007	342,676	4,893,808

Notes *(continued)*

10 Fixed asset investments

	Shares in group undertakings £
Cost and net book value at the beginning and end of the year	1,373,129

The Company has the following investments in subsidiaries:

	Registered address	Class of shares held	Ownership 2022 %	Ownership 2021 %
All Metal Services Xi'an Limited	Unit 5, 12th Feng Cheng Road Export Processing Zone Shaanxi, Xi'an China	Ordinary	100	100
All Metal Services (Malaysia) SDN. BHD.	Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, Kuala Lumpur, Wilayah Persekutuan, Malaysia	Ordinary	100	100
All Metal Services Private India Limited	437/A, Aequs Special Economic Zone, Hattargi Village, Hukkeri Taluk, Belgaum, Karnataka – 591243 India	Ordinary	99	99

11 Stocks

	2022 £	2021 £
Finished goods and goods for resale	41,528,884	30,771,615

The write-down of stocks to net realisable value amounted to £Nil *(2021: £Nil)*.

Notes *(continued)*

12 Debtors

	2022	2021
	£	£
Trade debtors	33,199,103	19,780,040
Amounts owed by group undertakings	16,208,430	14,503,628
Corporation tax	-	167,500
Group relief receivable from group undertakings	171,496	555,930
Other debtors	612,599	688,127
Deferred tax assets (see note 14)	-	549,628
Prepayments and accrued income	619,267	447,757
	50,810,894	36,692,610

Amounts owed by group undertakings includes a short-term loan to All Metal Services (Malaysia) SND. BHD. for $7,508,389 US dollars, repayable on demand and bearing interest at a fixed rate of 1.75%. Also included is a loan to All Metal Services Private India Limited for 11,500,000 Indian Rupees bearing interest at a fixed rate of 3.75%, which matured and was repaid on 31 January 2023.

13 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	17,193,730	9,100,470
Corporation Tax	126,485	-
Other amounts owed to group undertakings	237,480	308,234
Other taxation and social security	223,640	181,951
Deferred Tax Liabilities (see note 14)	125,186	-
Accruals and deferred income	4,922,142	3,186,795
	22,828,663	12,777,449

Notes *(continued)*

14 Deferred tax assets and liabilities

	Deferred tax asset £
At beginning of year	549,628
Adjustment in respect of prior years	13,339
Profit & loss account	(688,153)
At end of year	(125,186)

Deferred tax assets and liabilities are attributable to the following:

	2022 £	2021 £
Accelerated capital allowances	(187,984)	(43,906)
Other timing differences	62,798	13,911
Losses	-	579,623
Tax (liabilities) / assets	(125,186)	549,628

15 Employee benefits

Defined contribution plans

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £162,048 *(2021: £107,648)*. As of 31 December 2022, contributions amounting to £Nil *(2021: £27)* were payable to the fund and are included in creditors.

16 Share capital

	2022 £	2021 £
Allotted, called up and fully paid:		
3,232,380 ordinary shares of £1 each	3,232,380	3,232,380
100 2% non-cumulative redeemable preference shares of £1.00 each	100	100
	3,232,480	3,232,480

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.

Notes *(continued)*

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings		Other	
	2022	2021	2022	2021
	£	£	£	£
Less than one year	823,685	894,352	293,426	388,164
Between one and five years	2,563,124	2,992,241	169,047	571,537
More than five years	-	394,568	-	-
	3,386,809	4,281,161	462,473	959,701

During the year, £1,173,727 was recognised as an expense in the profit and loss account in respect of operating leases *(2021: £1,669,814)*.

18 Related parties

The following related party transactions and balances relate to key management personnel only. The parties are related as the owner of Nobisco is the spouse of a key management personnel.

	Purchases		Creditors outstanding	
	2022	2021	2022	2021
	£	£	£	£
Nobisco Limited	45,350	46,393	8,624	11,598
	45,350	46,393	8,624	11,598

19 Ultimate parent company and parent undertaking of larger group of which the company is a member

The immediate parent undertaking is Reliance Metals UK Holding Limited. The ultimate controlling party is Reliance Steel & Aluminium Co. (a US corporation) located in 16100 N. 71st Street, Suite 400 Scottsdale, Arizona 85254. Consolidated accounts of the group are publically available and may be obtained from www.rsac.com.

20 Employee share options

Reliance makes annual grants of long-term incentive awards to its officers and key employees, including employees of its subsidiary companies, in the form of service-based and performance-based restricted stock units ("RSUs") that have 3-year vesting periods. Each RSU consists of the right to receive one share of Reliance common stock and dividend equivalent rights. The performance-based RSU awards are subject to both service and Reliance-performance goal criteria. The fair value of the RSUs granted, determined based on the fair value of Reliance common stock on the grant date, is charged by Reliance to the Company on a straight-line basis over the vesting period. The charge for the year recognised by the Company was £40,718 (*2021: £1,284*). As of 31 December 2022, 841 service-based RSUs were outstanding and held by employees of the Company. There were no performance-based RSUs outstanding as of December 2022.