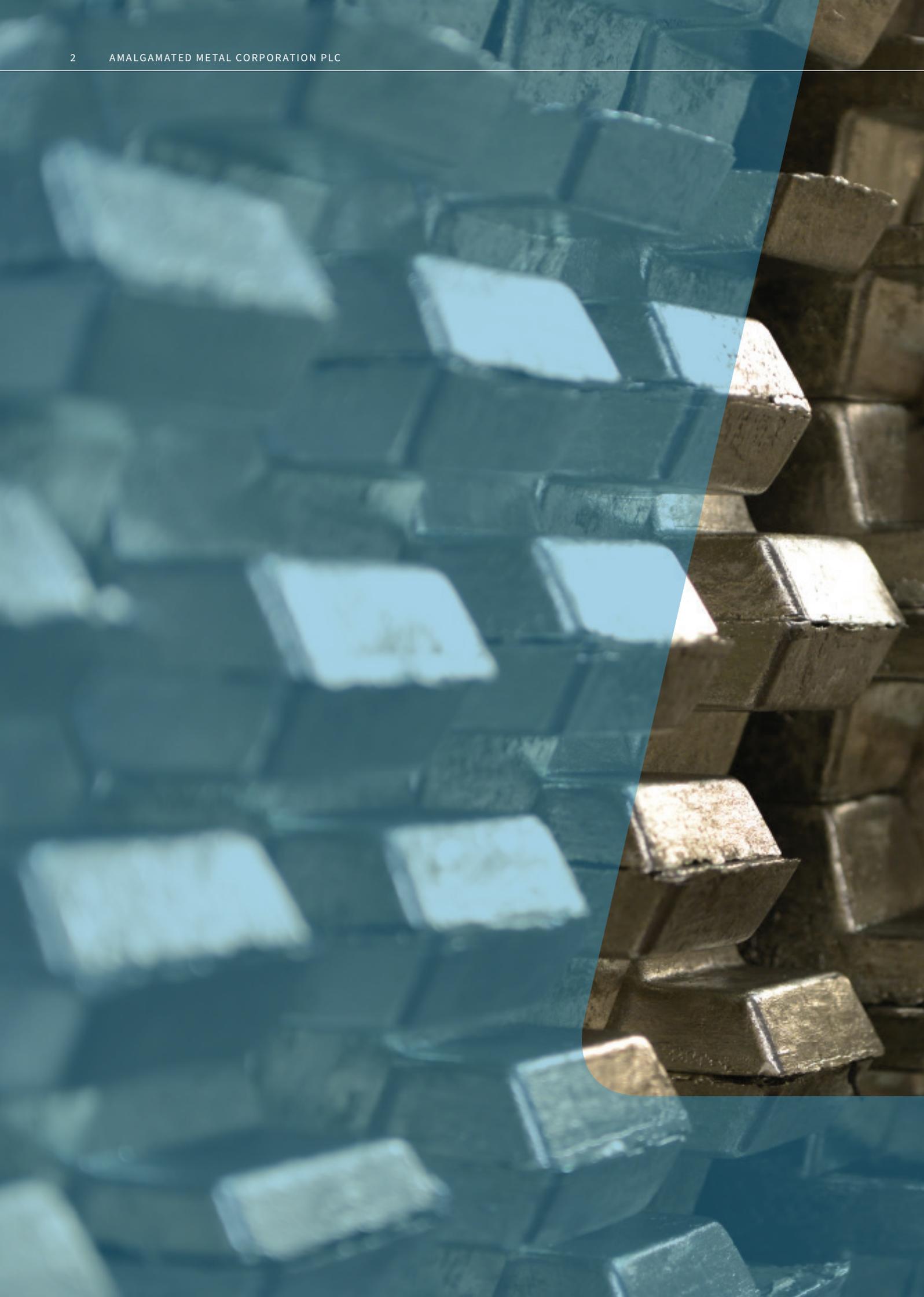




AMALGAMATED METAL CORPORATION PLC

Annual Report & Accounts 2019

amcgroup.com



Contents

Company Statement	4
Locations	6
Chairman's Message	8
Group Managing Director's Strategic Report	10
2019 Highlights	12
Trading Performance	14
Industrial Performance	18
Digital Transformation	23
Investing in the Midlands & Northern England	24
Directors' Report	26
Directors' Responsibilities Statement	31
Accounts	32
Independent Auditor's Report	76
Notice of Annual General Meeting	80
Group Directory	82

Company Statement

Amalgamated Metal Corporation PLC (AMC) was founded in 1929 and owns trusted global manufacturers and traders of non-ferrous metals. AMC is the holding company of a group of companies (the AMC Group) that have a shared ethos based on reliability, integrity and professionalism.



Locations

Brookside Metal Trading Ltd.
Willenhall, UK
www.brooksidemetals.com

Keeling & Walker Ltd.
Stoke-on-Trent, UK
www.keelingwalker.co.uk

Milver Metal Company Ltd.
Coventry, UK
www.milvermetal.com

Scanmetals (UK) Ltd.
Willenhall, UK
www.scanmetals.com

Thermox Performance Materials Ltd.
Stoke-on-Trent, UK
www.tinoxide.co.uk

William Rowland Ltd.
Sheffield and Birmingham, UK
www.william-rowland.com

Amalgamet Canada
Toronto, Canada
www.amalgamet.com

Amalgamated Metal Trading Ltd.
London, UK
www.amt.co.uk

Amalgamet Ltd.
London, UK
www.amalgamet.co.uk

AMT Futures Ltd.
London, UK
www.amtfutures.co.uk

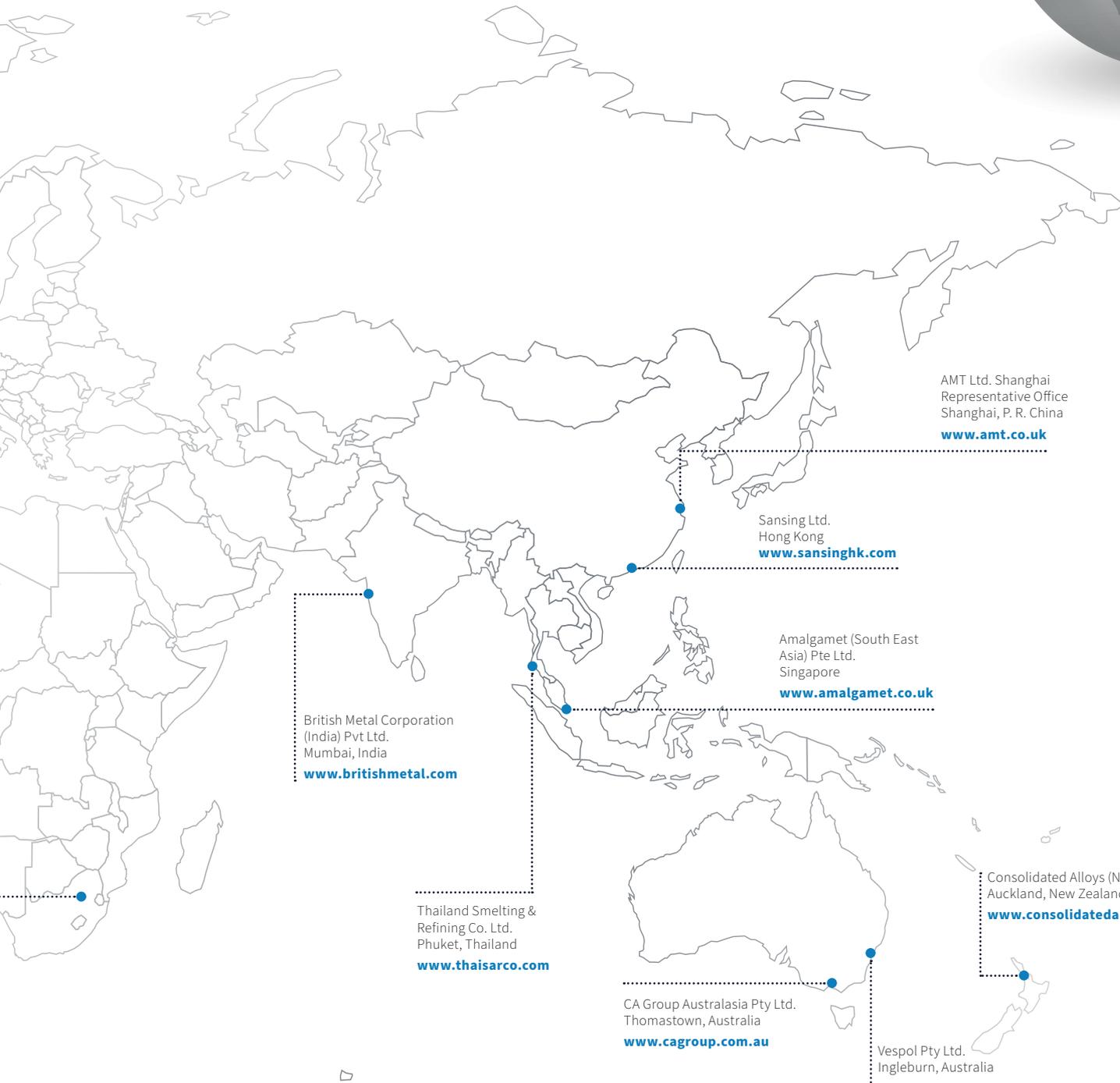
Alloys, Metals and Ceramics Holdings (Pty) Ltd.
Boksburg, South Africa
www.amcgroup.com





offices in 10 countries

Thermox Performance
Materials GmbH
Essen, Germany
www.thermox.eu



AMT Ltd. Shanghai
Representative Office
Shanghai, P. R. China
www.amt.co.uk

Sansing Ltd.
Hong Kong
www.sansinghk.com

Amalgamet (South East
Asia) Pte Ltd.
Singapore
www.amalgamet.co.uk

British Metal Corporation
(India) Pvt Ltd.
Mumbai, India
www.britishmetal.com

Thailand Smelting &
Refining Co. Ltd.
Phuket, Thailand
www.thaisarco.com

Consolidated Alloys (NZ) Ltd.
Auckland, New Zealand
www.consolidatedalloys.co.nz

CA Group Australasia Pty Ltd.
Thomastown, Australia
www.cagroup.com.au

Vespol Pty Ltd.
Ingleburn, Australia
www.vespol.com

Chairman's Message

Trade tensions and global political uncertainty have continued to impact trade flows during 2019. As the world's largest two economies, United States and China, engaged in a trade war and escalated tariffs on each other's goods and services, global capital flows and economic growth were affected.

In the UK, Brexit uncertainty continued to impact capital investment for most of the year. The UK automotive industry, in particular, struggled with a collapse in investment according to the Society of Motor Manufacturers and Traders (SMMT), and a string of facility closures. Trade tensions, weak demand, and rising costs continued to have an adverse effect on the broader foundry sector across Europe.

Early December brought some relief to the otherwise downbeat news on the global economy with an easing of trade hostilities between China and the United States and the first stage of the Brexit withdrawal process agreed. However, the outbreak of coronavirus in China at the end of the month followed quickly thereafter and overshadowed these events. There remain a number of pressures on the world economy. Geo-political uncertainty, as China and the United States struggle for economic supremacy, is likely to continue into 2020 and beyond, and the struggle to contain a global coronavirus outbreak will be the dominant theme in early 2020.

The events of the year created price volatility in the metal markets. The AMC Group overall managed these conditions well. While our industrial units generally saw an easing in demand, they coped satisfactorily overall. Our non-ferrous metals trading business across scrap and refined, generally held or increased

their share of tonnage flows in stagnant or declining markets. Our brokerage business was also able to build on the momentum gained in 2018 and continued to increase its market share as counterparties and customers looked for highly competitive execution, risk management and experienced service providers in their supply chain.

I have often referred to the strength the AMC Group derives from its talented and risk-aware workforce, its diversified product offering and its geographical spread. In 2019, this resilience helped the Group deliver another year of strong growth, with the pre-tax profit improving 46% over 2018.

The Group Managing Director's Strategic Report outlines the challenges that the coronavirus will present to the Group. AMC Group management are addressing these challenges in a constructive manner and I am confident that under their leadership and the support of all staff the AMC Group will weather the coronavirus storm.

Once again my thanks go to all staff for their hard work and commitment to the AMC Group.



V H Sher
20 April 2020

The events of 2019 created **price volatility** in the metal markets



“The resilience of the AMC Group helped deliver **another year of strong growth**”

GROUP MANAGING DIRECTOR'S

Strategic Report

In 2019, the Group performed satisfactorily, recording its 34th consecutive annual profit. Revenue decreased by 1.6% to £889m (2018: £903m) however, pre-tax profit climbed 46% to £17.0m (2018: £11.6m).

Geo-political tensions and weak macroeconomic conditions generally resulted in lower metal prices, and lower tonnages handled across our facilities. These effects combined to result in a reduction of revenue when compared to 2018. Accordingly, many of our units focused on their margins and efficiencies.

Our Trading Division continued to perform strongly albeit, without the extreme price volatility we saw in 2018, the result was down on prior year. Significant investments took place across new product categories, improved management systems and a new site to enable future growth. Most trading businesses posted profits at good or acceptable levels, with particular mention here of AMT, which recorded its best year on its 100th anniversary.

The investment made in previous years in our Industrial Division started to bear fruit, despite weakness in global demand, which declined as the year progressed. The overall division result was improved. Our new joint venture recovering metals from the ash residue from energy producing waste plants performed very well, recording a significant profit and growing market share to become the UK market leader. We generally saw better efficiencies in our major industrial operations where management focused on margins as volumes declined, at the same time aggressively pursuing those isolated pockets of growth which did exist in select end markets.

Milver returned to profitability against the backdrop of a substantial decrease in demand from the UK automotive sector, and CA Group recorded good results. Our tin smelting facilities in Thailand require further work in 2020, as they were not profitable once again in 2019. The remaining industrial businesses posted profits at acceptable levels.

With a number of businesses located in the UK, the Board monitored very closely throughout the year the developments and uncertainties which arose from the UK's negotiations for its exit from the European Union. Our analysis does however indicate that our aggregated exposure to increased duties and other related risks is manageable regardless of outcome, and only very select product lines would become untenable in the event of WTO terms, while other opportunities may arise. In part, this is due to the geographically diverse nature of the Group's activities and customer base.

Against this backdrop, AMC continued to invest in long-term organic growth initiatives such as technology, processes, research and development, people and equipment. Significant capital expenditure took place during the year at several of our units, particularly in our Industrial Division, as we prepare for the future.

We made substantial contributions in the year towards our defined benefit pension scheme of £3.2m, and after accounting for significant

34th
consecutive
annual profit

We ended the year with a **strong net cash position of £66.5m** (2018: £23.7m) and undrawn facilities to support trading activities

capital expenditure, the Group has remained cash generative. We ended the year with a strong net cash position of £66.5m (2018: £23.7m) and undrawn facilities that further improve our overall liquidity position.

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. For our Industrial Division, self-isolation of symptomatic individuals and those living with symptomatic individuals, or government-mandated lockdowns, may reduce our production capacity. We can expect supply chain interruption that may cause shortages of raw materials, while our customer base may be operating at reduced capacity. Our Trading Division expects to see decreased demand from customers. Our appetite to take large volumes of new business is heavily dependent on the economic situation and the risk protections and rewards available, and may reduce.

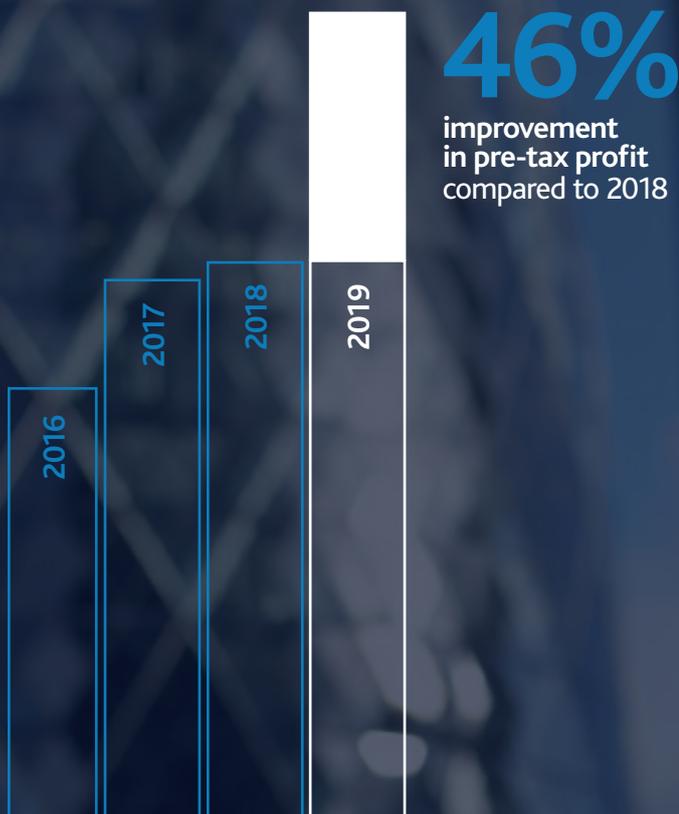
We do, however, anticipate a continued demand for hedging services as industry seeks to protect itself against volatility in the metal markets.

Our liquidity position and our robust liquidity management framework benefits us in these times, providing the Group with resilience against economic turbulence and the agility to react to developments as they arise. The significant investments in technology that we have made in 2019 has given the London based trading businesses a remote working capability which enables them to continue operating during the coronavirus storm.

On behalf of the AMC Board, I thank once again all of the Group staff for their dedication, hard work and stewardship of the business.



D S Sher
20 April 2020



2019 Highlights

In 2019, companies across the AMC Group registered significant achievements. Record results in some of our oldest businesses sat alongside rapid growth in some of our newest; significant investments in our industrial infrastructure were paired with substantial technology developments. Here are some of the highlights.

A Digital Transformation project commenced in **AMC** during 2019. Reliable digital solutions have allowed AMC to embrace a well-developed and mature software environment and apply solutions across the businesses.

Initially targeting workflow and process automation, our offices have benefited from a reduction in the use (and storage) of vast amounts of paper, whilst ensuring business critical information is always securely and rapidly available.

Specialist data and software systems have also enhanced our traders' ability to track and participate in global trade flows, and helped our product developers better target their efforts to meet customer demand.

2019 has been a record year for **AMT**. The London Metal Exchange (LME) saw increased volumes trading across the Ring, where AMT is a Category 1 Member, and reinforced the role of the Ring in setting global metal reference prices. Even as global trade came under pressure and total industry volumes stagnated or declined, AMT maintained its share of business by being a specialist and focusing on service.

Keeling & Walker is expanding its capacity for its innovative range of Near Infrared (NIR) Absorbing Materials as well as the range of

Doped Tin Oxides to match growing demand. NIR absorbers are used in energy saving polymer films to control the influx of heat into vehicles and buildings.

During 2019 **William Rowland** broke ground on an exciting project to relocate and expand its Sheffield HQ. A new state-of-the-art facility with an initial 57,000 sq ft has been constructed to house existing operations and expand its Speciality Alloys business. The land acquired also offers further expansion in the future to ensure WR can grow with its customers.

Scanmetals UK has firmly established itself as the UK's most efficient and technologically advanced processor of metals recovered from Incinerator Bottom Ash (IBA) and now holds the largest market share in the UK, having only been operational for two years.

Thaisarco commissioned a new furnace, expanding their capacity to treat tin concentrates. Thaisarco have also supported two new major tin development projects in Africa by committing to smelt their output for 2020.

Milver Metal achieved a significant turnaround in the business, returning to profit after a series of loss making years, despite a challenging UK automotive market.

57,000 sq ft
new state-of-
the-art facility for
William Rowland

2019 has been
a **record year**
for **AMT**



Milver Metal



William Rowland's new facility in Sheffield



Thaisarco

Trading Performance

The AMC Group's Trading services include commodity price risk management provided as a Ring Dealing Member of the London Metal Exchange and as a broker on other global commodity exchanges as well as the physical trading and distribution of non-ferrous and minor metals.



Amalgamated Metal Trading

Amalgamated Metal Trading ("AMT"), a ring dealing member of the London Metal Exchange ("LME"), is a leading LME broker with its head office in London, and a representative office in Shanghai. AMT, using its experience of many years in the markets, provides market-making and brokerage services to clients in Europe, Asia and South America who are active in all aspects of the metal business, while specialist advisory and technical staff assist clients in identifying and managing their business risks arising from metal price volatility. AMT had a record profit, in its centennial year.



AMT Futures

AMT Futures is a global broker for exchange traded instruments. The company specialises in providing a comprehensive range of services to retail, institutional and professional investors who participate in the world's equities, futures, options and derivatives markets. The company's profit was satisfactory, albeit down on last year.



Amalgamet

Amalgamet, centred in London and supported by the Singapore office and agents around the world, specialises in the physical trading of a range of non-ferrous metals, in particular tin, copper, aluminium, zinc, lead and minor metals. Amalgamet continued to record a satisfactory profit in 2019, broadly in line with that achieved in 2018.



Amalgamet Canada

Amalgamet Canada comprises a metal trading operation and the marketing of specialty materials in North America. Amalgamet was again profitable, with results in line with those achieved in the prior year.





SANSING

Sansing

Sansing, headquartered in Hong Kong, is a leading trader of a wide range of scrap and recycled non-ferrous metals. The company, which focuses on supplying material into China and elsewhere in the Asia-Pacific region, recorded a good performance in 2019, albeit posting a lower profit than in 2018.

WILLIAMROWLAND

William Rowland

William Rowland is a long-established supplier of a wide range of specialist metals, alloys and metal powders, from its locations in Sheffield and Birmingham. Its customers are mainly in the UK and continental Europe, and operate in the aerospace, power generation, petrochemicals and foundry sectors. William Rowland remained profitable in 2019, albeit below 2018 levels. Significant capital investment was made in the year in new facilities and equipment, laying the foundation for future organic growth.



Alloys, Metals and Ceramics Holdings and British Metal Corporation (India)

The AMC Group has a 50% holding in **Alloys, Metals and Ceramics Holdings**, a South African company, and a 40% holding in **The British Metal Corporation (India)**. These businesses market a range of metals and minerals in their respective countries and they continued to have a positive contribution to the Group's results.



AMC Treasury Services

AMC Treasury Services functions as the Group's in-house bank. Its contribution to the Group's results, which is dependent on the funding requirements of Group businesses, was down on last year as the AMC Group implemented its financing strategy of funding its trading businesses with external debt.

Industrial Performance

The AMC Group's Industrial operations manufacture and supply non-ferrous metals, alloys, metal powders and other added value products to consumers globally.



Thaisarco

Thaisarco operates the Group's tin smelter and refinery, located in Phuket, Thailand. The company is recognised worldwide as an industry leader in the manufacture of conflict-free tin, producing its LME registered Thaisarco and Phuket brands of tin, along with specialty tin alloys and other tin-related products including solders, powders, special shapes and high purity grades. The commissioning of a new furnace in the year delivered some improvements in performance, albeit further work remains to be done over the next three years to improve the return on capital. The Board continues to see the potential of these operations to grow and, in November 2019, we acquired the remaining minority interest from a variety of legacy investors. As a result, Thaisarco is now a 100% subsidiary within the AMC Group.



CA Group

CA Group and **Vespol** in Australia, and **Consolidated Alloys (New Zealand)** manufacture and distribute a broad range of non-ferrous metal and building products for the construction industry and other industrial markets across Australasia. The Australian businesses achieved an improvement in performance and increased their profit in 2019 following a pick-up in demand for their exports, and general improvements in the margins across other product lines. The New Zealand business demonstrated good cost control and delivered a profit in line with that achieved in 2018.





Keeling & Walker

Keeling & Walker, along with its sister company **Thermox Performance Materials**, is a leading manufacturer and global supplier of tin oxide and tin oxide based materials from its factory in Stoke-on-Trent. Keeling & Walker supplies customers across a wide range of industrial sectors and the majority of its production is exported. There is a strong emphasis on research to deliver innovative products, and working with customers to develop bespoke materials for specific applications. Further investment in, and progress with, new product development and research has continued in 2019, together with a focus on expanding the customer base. Keeling & Walker remained profitable, albeit at a lower level than 2018, in a year that saw cyclical lows in European customer demand and challenges arising from Brexit uncertainties.



Scanmetals (UK)

Scanmetals (UK), a joint venture between the AMC Group (33%) and Scanmetals A/S of Denmark (67%), runs a mechanical sorting facility on the Group's Willenhall site. 2019, its second full year of production, saw the company build on the foundations laid in 2018 by recording its first profitable year and growing market share. The company can continue to remain optimistic about its prospects for 2020 and beyond.



Milver Metal

Milver Metal, based at its site in Coventry, is a leading UK producer of high-performance aluminium and copper alloys. The company's customers range from producers of niche-type castings to high volume automotive companies. Milver improved its performance in the year, returning to profit in 2019 despite a decrease in demand from the automotive sector. The progress was made on the back of improvements in its operational and commercial processes and a scaling back of unprofitable and distracting segments of the copper alloys business. Further work and capital investment is taking place in 2020 and we continue to believe further improvements in financial performance can be realised when the motor industry resumes production following the coronavirus closures.



Change was required in order to **remain competitive and relevant** in an increasingly digital landscape

Digital Transformation

The AMC Group consists of a globally diverse set of businesses with multiple applications and processes in place. Several of the operational systems have been adapted to the business lines they cover.

However, all of the business lines are now facing a common challenge: rapid access to an ever-growing demand for accurate, clean data that is securely maintained. It was therefore evident to the AMC Board that change was required in order to remain competitive and relevant in an increasingly digital landscape.

Many of the bespoke office processes within the Group (across all departments) have developed over a timespan of decades. Although perfectly adequate for many years, the increasing availability of cost-effective and reliable digital solutions has enabled AMC to embark on its journey of transformation within a mature and well-developed digital market.

Within AMC, Digital Transformation (DT) is a way of enhancing the productivity and efficiency of all areas of the business and embracing the challenge of changing established ways of doing things. With the support of our staff across the globe, we are taking great strides to achieve new ways of working and sharing information. Initially the Group has driven forward with the roll-out of communication, workflow and process automation tools, leading to a reduction in the use (and storage) of vast amounts of paper, better information storage and sharing of data. Going forward, new technologies and platforms offer the Group more competitive and insightful ways of operating, as we continue to track trade flows and market developments across the globe.

Digital Transformation is a way of **enhancing productivity and efficiency**

Investing in the Midlands & Northern England

Recent economic analyses have demonstrated the need for more investment by Government and business in Northern England. AMC has been contributing to this with investments in four businesses located across the Midlands, the North West and Yorkshire.



In the Midlands, AMC has invested through a joint venture recycling metals recovered from energy producing waste plants to create the most advanced facility of its kind anywhere in the UK. Additionally, it has invested in redeveloping an old disused foundry building to create a new yard for sorting and processing non-ferrous metals, set to become operational in 2020. Both of these new investments are located in the Black Country, providing much needed employment and regeneration in an area which has historically seen a decline in its traditional industries.

In Yorkshire, AMC has built a new state-of-the-art facility on the M1 corridor near Sheffield, allowing it to expand its super alloy recycling business and increase its capacity to service the local foundry industry. As the business is relocating from the centre of Sheffield this will also relieve congestion in what has become a very busy city.

In the North West AMC continues to invest in its innovative speciality materials business located in Stoke-on-Trent. The business, founded in 1916, was originally set up to service the Potteries industry but as that sector declined throughout the tail end of the last century, the business evolved to become a world leader in select speciality materials for the global electronics, automotive and polymer industries. In effecting this transition, it has been able to continue providing well-paying, secure jobs in a city that has seen a decline in its traditional industries. In 2019, we made our most significant investments in new technologies and intellectual property for many years.

AMC continues to look for opportunities to invest in these areas and regions, which have become the backbone of our UK industrial operations.

£8.5m
of capex in regional
UK businesses



Directors' Report

Directorate

The Directors of the Company are named on page 29. At the forthcoming Annual General Meeting, Mr G P Robbins will retire and, being eligible, will offer himself for re-election. At no time during the year has any director been materially interested in any significant contract in relation to the Company's business.

Results and dividends

The profit for the financial year attributable to the owners of the Parent Company of the Group amounted to £12,013,000 (2018: £7,270,000).

	2019	2018
	£'000	£'000
Preference dividends paid and accrued	130	130
Ordinary dividends: Interim paid	2,829	3,100
	2,959	3,230

Properties

The Directors are satisfied that the market value of freehold property assets is in line with the amount at which they are stated in the balance sheet.

Matters of strategic importance

The Group's business activities, key performance indicators and financial position have been included separately in the Strategic Report in accordance with section 414C (11) of the Companies Act 2006 and the "s172(1) Statement" (as required under Section 414CZA of the Companies Act 2006) within this report on pages 28-29.

Employee involvement

Refer to the s172(1) Statement on page 28.

Employment of disabled persons

Group companies give full and fair consideration to applications for employment from disabled persons. Depending on their skills and abilities, the disabled have the same opportunities for promotion and career prospects as other employees. We also make necessary provisions and adapt working environments where appropriate and reasonable for those employees who have become disabled during the period they were employed by the Company.

Directors' liability insurance and indemnity

The Group 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 in force at the date of this report.

Events after the reporting period

On 12 February 2020 the Group acquired the entire share capital of E. F. Westaway Limited ('Westaway'). Westaway offer a range of chemical finishing processes for exotic metal components including pickling, etching, passivation and ceramic core removal. Further details are included in note 27 of this Annual Report.

Auditors

The Company's previous auditors, BDO LLP, resigned on 10 October 2019. The notice of resignation included a statement that there were no circumstances connected with their resignation which should be brought to the attention of the members or creditors

£17.0m

Pre-tax profit for the financial year

of the Company. RSM UK Audit LLP were appointed auditors to fill the casual vacancy in accordance with Section 489 of the Companies Act 2006. Furthermore, a resolution proposing that RSM UK Audit LLP be reappointed will be put to the members at the forthcoming Annual General Meeting.

The Directors have taken all reasonable steps to acquaint themselves with any relevant audit information and have ensured that the auditors have received such information. The Directors are not aware of any relevant audit information that has not been passed to the auditors.

Financial instruments: risk and risk management

The Group's risk and risk management policies and procedures are as follows.

Financial instruments of significance to the Group comprise primary financial instruments (mainly cash, borrowings, debtors and creditors) and derivative financial instruments (mainly London Metal Exchange ("LME") forward contracts and foreign exchange contracts). Businesses within the Group are exposed to potential losses in the event that counterparties to financial instruments (and other contracts for the future delivery of metal) fail to meet their contractual obligations. Credit control policies approved centrally, including the use of credit limits, credit insurance, guarantees and the margining of customers, are used to mitigate the risk of loss. The spread of the Group's businesses reduces its exposure to the risk of material loss due to significant concentrations of credit risk.

In its business activities, the Group is exposed to financial risk from a number of sources that can be categorised as market risk, counterparty risk and liquidity risk. Market risk is the risk that movements in metal prices or foreign exchange rates will cause fluctuations in the values of, or cash flows arising from, financial assets and liabilities, and from other contracts for the future delivery of metal.

AMT Futures, the Group's commodities and financial futures brokerage business, does not take positions in derivatives as all trading is on a back-to-back basis. Clients are allowed

to trade only on a fully margined basis, which substantially reduces, but does not fully eliminate, credit risk.

Exposures to metal price movements are restricted by the imposition of trading position limits by the AMC Board of Directors. Where appropriate, LME forward contracts are used to offset the metal price exposure inherent in physical metal contracts. LME forward contracts are also traded by AMT, the Group's LME ring dealing member, again within trading position limits. Operations are required to report, at pre-determined intervals, their actual positions against the limits delegated.

The risk that adequate funding is not available for the Group to meet its commitments associated with financial instruments is liquidity risk. The Group plans its future business in conjunction with its available borrowing facilities to avoid liquidity problems, and maintains relationships with lenders to ensure that facility levels, including facilities for the derivatives noted above, are adequate and can be adjusted to address any changes in the Group's requirements. Cash is placed on deposit only with approved banks. There is a credit risk associated with balances held with banks, which is mitigated by holding them with highly rated financial institutions.

Most entities within the Group are exposed to fluctuations in foreign exchange rates. These can arise because they buy or sell products priced internationally, mainly in US dollars, or due to cross-border trade. Group entities are required to hedge all such exposures as they contractually arise, and this is done with foreign exchange contracts, including forward contracts, or sometimes by taking out foreign currency borrowings. Only the Group's treasury centres and AMT are permitted to hold foreign currency positions, again within position limits. The Group is exposed to the risk of losses in the sterling value of its net investment in foreign operations caused by exchange rate fluctuations, and on occasions uses forward exchange contracts to reduce this risk.

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

The Board of Directors of Amalgamated Metal Corporation PLC 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. In our UK operations, 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. Annually we publish our annual reports on our intranet and corporate website and we actively encourage its review by all employees.

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. Further details are available in our Business Standards Policy, which can be obtained from our website.

We promote a culture of safety, particularly for the staff in our Industrial Division who are working with the significant risks associated with hot metal and moving vehicles. Monthly meetings across units in our Industrial Division always start with a review of that unit’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 Group’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 website.

The Financial Conduct Authority (FCA) regulates our AMT and AMTF businesses. We maintain positive and open relationships with our regulators based on cooperation and responsible behaviour, and we conduct regular compliance training for our regulated staff.

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 Group. 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.

Key decisions on capital allocation and developments in the financial year are detailed in our Strategic Report, pages 10 to 11 as well as in the sections contained on pages 12 to 25 in this Annual Report.

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

Directors and Senior Group Executives



Executive Chairman
V H Sher



Deputy Chairman
G C L Rowan



Non-Executive Director
G P Robbins



Group Managing Director
D S Sher



Group Finance Director
H Michie

Directors Committee
V H Sher
G P Robbins

Directors Remuneration Committee
V H Sher
G C L Rowan

Senior Group Executives
H T K Brown – Divisional Finance Director
P Day – Group Technology Director



Directors' responsibilities statement

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 Group and the Company and of the profit or loss of the Group for that period.

In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Group's business activities, performance, financial position and risk management policies and processes are set out in the Strategic Report and Director's Report on pages 10 to 29. The Group has considerable financial resources and, as a consequence, the Directors believe that the Group is well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for more than 12 months after signing the financial statements and accordingly they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Amalgamated Metal Corporation PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board.



Hamish Michie
Company Secretary
20 April 2020

Registered Office 55 Bishopsgate, London, EC2N 3AH
www.amcgroup.com
Registered in England, Number 244159
Registrars Share Registrars Limited, The Courtyard, 17
West Street, Farnham, GU9 7DR



2019 Accounts



Consolidated Income Statement Year ended 31 December

		2019	2018
	Notes	£'000	£'000
Turnover	4	888,816	903,430
Change in stocks of finished goods and work in progress		(13,191)	9,172
Profit on sale of tangible fixed assets		95	264
Other operating income		1,141	935
Total operating income		876,861	913,801
Operating costs	5	(858,169)	(899,306)
Gain from change in fair value of investment property		15	-
Profit / (loss) from participating interests	14	639	(231)
Operating profit		19,346	14,264
Net interest expense	8	(991)	(1,534)
Changes in fair value of fixed asset investments		(138)	(111)
Other finance costs	9	(1,259)	(1,000)
Profit on ordinary activities before taxation		16,958	11,619
Tax on profit on ordinary activities	10	(3,536)	(2,349)
Profit for the financial year		13,422	9,270
Profit attributable to:			
Owners of the parent		12,013	7,270
Non-controlling interests		1,409	2,000
		13,422	9,270

All activities of the Group are continuing.

The notes on pages 42 to 69 form part of these financial statements.

Consolidated Statement of Comprehensive Income Year ended 31 December

		2019	2018
	Notes	£'000	£'000
Profit for the financial year		13,422	9,270
Other comprehensive income			
Foreign exchange:			
Currency translation differences		(3,031)	4,196
Gains on cash flow hedge		102	137
		(2,929)	4,333
Actuarial gains/(losses) on defined benefit pension scheme	23 (e)	2,873	(4,929)
Taxation in respect of other comprehensive income	10	85	861
Other comprehensive income for the year		29	265
Total comprehensive income for the year		13,451	9,535
Total comprehensive income for the year attributable to:			
Owners of the parent		12,255	6,285
Non-controlling interests		1,196	3,250
		13,451	9,535

The notes on pages 42 to 69 form part of these financial statements.

Consolidated Balance Sheet At 31 December

		2019	2018
	Notes	£'000	£'000
Fixed assets			
Intangible assets	12	1,148	1,234
Tangible assets	13	26,325	19,004
Investments	14	3,469	3,061
		30,942	23,299
Current assets			
Stocks	15	125,196	164,629
Debtors	16	126,089	131,116
Cash at bank and in hand	22	95,768	85,866
		347,053	381,611
		377,995	404,910
Capital and reserves			
Called up share capital	17	19,214	19,214
Share premium account		2,558	2,558
Revaluation reserve		4,282	4,575
Profit and loss account		162,878	147,426
Equity attributable to the owners of the Parent Company		188,932	173,773
Non-controlling interests		7,498	17,663
Total equity		196,430	191,436
Provisions for liabilities	18	667	487
Creditors			
Amounts falling due within one year			
Bank loans and overdrafts	22	29,218	62,118
Other creditors	20	109,922	105,005
		139,140	167,123
Equity and liabilities excluding pension liability		336,237	359,046
Net defined benefit pension liability	23	41,758	45,864
		377,995	404,910

The notes on pages 42 to 69 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 20 April 2020.



H Michie
Group Finance Director



D S Sher
Group Managing Director

Company Balance Sheet At 31 December

		2019	2018
	Notes	£'000	£'000
Fixed assets			
Tangible assets	13	298	226
Investments	14	272	272
		570	498
Current assets			
Debtors	16	137,307	125,695
Cash at bank and in hand		34,466	52,396
		171,773	178,091
		172,343	178,589
Capital and reserves			
Called up share capital	17	19,214	19,214
Share premium account		2,558	2,558
Profit and loss account		99,888	98,839
Total equity		121,660	120,611
Creditors			
Amounts falling due within one year:			
Bank loans and overdrafts		-	7,874
Other creditors	20	8,925	4,240
		8,925	12,114
Equity and liabilities excluding pension liability		130,585	132,725
Net defined benefit pension liability	23	41,758	45,864
		172,343	178,589

The notes on pages 42 to 69 form part of these financial statements.

Company registered in England: number 244159.

Separate financial statements of the Parent Company

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the Parent Company is not included with these financial statements. The profit before dividends payable for the year ended 31 December 2019 in the accounts of the Parent Company is £1,516,000. No dividend was received from its subsidiary, Amalgamated Metal Investment Holdings Ltd (2018: loss of £222,000; no dividend received).

The financial statements were approved and authorised for issue by the Board of Directors on 20 April 2020.



H Michie
Group Finance Director



D S Sher
Group Managing Director

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit & loss account £'000	Total attributable to owners of the Parent Company £'000	Non controlling interests £'000	Total equity £'000
At 1 January 2019	19,214	2,558	4,575	147,426	173,773	17,663	191,436
Profit for the year			(123)	12,136	12,013	1,409	13,422
Foreign exchange:							
Currency translation differences			(79)	(2,635)	(2,714)	(317)	(3,031)
Gains on cash flow hedge			-	102	102	-	102
			(79)	(2,533)	(2,612)	(317)	(2,929)
Actuarial gains on the defined benefit pension scheme			-	2,873	2,873		2,873
Taxation in respect of other comprehensive income			-	(19)	(19)	104	85
Other comprehensive income for the year			(79)	321	242	(213)	29
Total comprehensive income for the year			(202)	12,457	12,255	1,196	13,451
Increase in parent holding in Sansing			-	26	26	(23)	3
Increase in parent holding in Thaisarco*			(91)	5,928	5,837	(5,837)	-
Contributions by and distributions to owners							
Dividends (Note 11)			-	(2,959)	(2,959)	(4,099)	(7,058)
Capital redemption - Sansing (Note 11)						(1,402)	(1,402)
At 31 December 2019	19,214	2,558	4,282	162,878	188,932	7,498	196,430

*On 20 November 2019 the Group acquired the remaining minority interest in Thaisarco from a variety of legacy investors. The purchase price for the remaining equity interest was £4.5m. The transaction was accounted for as an equity transaction in accordance with FRS102 and the related non-controlling interest was reduced to zero.

Consolidated Statement of Changes in Equity (continued)

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit & loss account £'000	Total attributable to owners of the Parent Company £'000	Non controlling interests £'000	Total equity £'000
At 1 January 2018	19,214	2,558	4,594	144,282	170,648	18,985	189,633
Profit for the year				7,270	7,270	2,000	9,270
Foreign exchange:							
Currency translation differences			(19)	2,976	2,957	1,239	4,196
Gains on cash flow hedge			-	137	137	-	137
			(19)	3,113	3,094	1,239	4,333
Actuarial (losses) on the defined benefit pension scheme			-	(4,929)	(4,929)		(4,929)
Taxation in respect of other comprehensive income			-	850	850	11	861
Other comprehensive income for the year			(19)	(966)	(985)	1,250	265
Total comprehensive income for the year			(19)	6,304	6,285	3,250	9,535
Increase in parent holding in Escoy			-	2	2	(2)	-
Increase in parent holding in Sansing			-	68	68	(4,068)	(4,000)
Contributions by and distributions to owners							
Dividends (note 11)			-	(3,230)	(3,230)	(502)	(3,732)
At 31 December 2018	19,214	2,558	4,575	147,426	173,773	17,663	191,436

The revaluation reserve is attributable to the following categories of asset, including deferred tax where appropriate:

The notes on pages 42 to 69 form part of these financial statements.

	2019 £'000	2018 £'000
Investment properties	303	288
Other freehold properties	3,020	3,085
Fixed asset investments	959	1,202
	4,282	4,575

Company Statement of Changes in Equity

	Share capital £'000	Share premium account £'000	Profit & loss account £'000	Total £'000
At 1 January 2019	19,214	2,558	98,839	120,611
Profit for the year			1,516	1,516
Actuarial gain on the defined benefit pension scheme			2,873	2,873
Gains on cash flow hedge			102	102
Taxation in respect of other comprehensive income			(483)	(483)
Other comprehensive income for the year			2,492	2,492
Total comprehensive income for the year			4,008	4,008
Contributions by and distributions to owners				
Dividends (note 11)			(2,959)	(2,959)
At 31 December 2019	19,214	2,558	99,888	121,660
At 1 January 2018	19,214	2,558	106,271	128,043
(Loss) for the year			(222)	(222)
Actuarial (loss) on defined benefit pension scheme			(4,929)	(4,929)
Gains on cash flow hedge			137	137
Taxation in respect of other comprehensive income			812	812
Other comprehensive income for the year			(3,980)	(3,980)
Total comprehensive income for the year			(4,202)	(4,202)
Contributions by and distributions to owners				
Dividends (note 11)			(3,230)	(3,230)
At 31 December 2018	19,214	2,558	98,839	120,611

The notes on pages 42 to 69 form part of these financial statements.

Consolidated Cash Flow Statement Year ended 31 December

		2019	2018
	Notes	£'000	£'000
Cash flows from operating activities			
Cash inflow/(outflow) from operations	21	58,390	28,362
Interest received		1,105	941
Interest paid		(2,153)	(2,372)
Tax paid		(2,272)	(2,886)
Net cash generated from/(used in) operating activities		55,070	24,045
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		301	174
Payments for tangible fixed assets		(9,712)	(3,519)
Investment in H.P. Metals (associate)		(78)	-
Net cash (used in) investing activities		(9,489)	(3,345)
Cash flows from financing activities			
(Decrease) / increase in bank borrowings		(22,169)	2,884
Payments for shares in Escoy		(11)	-
Payments for shares in Sansing		-	(4,000)
Ordinary dividends paid	11	(2,829)	(3,100)
Preference dividends paid	11	(130)	(130)
Dividends/ capital redemption paid to non-controlling interests	11	(1,402)	(502)
Net cash (used in)/from financing activities		(26,541)	(4,848)
Net increase/ (decrease) in cash and cash equivalents		19,040	15,852
Exchange differences		699	(510)
Cash and cash equivalents brought forward		54,804	39,462
Cash and cash equivalents carried forward	22	74,543	54,804
Reconciliation of movement in cash and cash equivalents to movement in net funds			
Net increase/ (decrease) in cash and cash equivalents		19,040	15,852
Movements in other borrowings		22,169	(2,884)
Exchange differences		1,593	(1,766)
Movement		42,802	11,202
Net funds brought forward		23,748	12,546
Net funds carried forward		66,550	23,748

The notes on pages 42 to 69 form part of these financial statements.

Notes to the financial statements

1. General information

The AMC Group (the “Group”) comprises Amalgamated Metal Corporation PLC (“AMC” or the “Company”), a public company limited by shares, incorporated in England and Wales with its registered office at 55 Bishopsgate, London EC2N 3AH, and its subsidiaries.

2. Basis of preparation and consolidation

The Directors have concluded that the financial statements give a true and fair view of the Group’s financial position, financial performance and cash flows, and that the Group has complied with FRS 102, except that it has departed from FRS 102 11.38A to the extent necessary to give a true and fair view by offsetting overnight currency borrowings due for settlement on the next day against the GBP cash balance held with the same institution. Further details are provided in Note 22 of this Annual Report. A summary of the principal Group accounting policies under FRS 102 is given below.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Group’s management to exercise judgement in applying the Group’s accounting policies.

Except as set out in notes 3e, g, h, j, k, and o below, the Group consolidated financial statements are drawn up on the historical cost basis. They incorporate the financial statements for the year ended 31 December 2019 of the Company and all its subsidiary undertakings.

Going concern

The Board has carefully considered those factors likely to affect the Group’s future development, performance and financial position in relation to the ability of the Group to continue as a going concern. As explained more fully in the Strategic Report on page 11, the outbreak of coronavirus may have negative consequences for our results and performance in 2020, however mitigating actions have been put in place. The Group has considerable financial resources (net cash position of £66.5 million at 31 December 2019 and undrawn facilities) and a robust liquidity management framework. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully and have a reasonable expectation that the Group has adequate resources to continue in operational existence for more than 12 months after signing the financial statements. For these reasons, the Directors continue to adopt the going concern basis in preparing the Group’s financial statements.

3.1 Accounting policies

(a) Parent Company disclosure exemptions

In preparing the separate financial statements of the Company, advantage has been taken of the following disclosure exemption available under FRS 102:

No cash flow statement has been presented for the Parent Company.

(b) Basis of consolidation

The results of subsidiary undertakings and businesses acquired or disposed of during the year are included in the consolidated

Notes to the financial statements (continued)

statement of comprehensive income from their dates of acquisition or up to their dates of disposal.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquired subsidiary's identifiable assets and liabilities are initially recognised at their fair value at the acquisition date. Any excess of the cost of a business acquired over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition is goodwill.

Goodwill is included in intangible fixed assets at cost less accumulated amortisation and any accumulated impairment losses. Goodwill is amortised using the straight line method over its estimated useful life.

If a reliable estimate cannot be made, the maximum presumed useful life is ten years. Goodwill is being amortised over periods ranging from five to twenty years.

The Group accounts for its interests in its associated companies using the equity method of accounting.

The net assets and total comprehensive income of non-wholly owned subsidiaries are attributed to owners of the Parent Company and to non-controlling interests in proportion to their relative ownership interests.

(c) Exchange differences

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling, which is the Company's functional and the Group's presentation currency.

On consolidation, profits and losses and other transactions in the year in the financial statements of subsidiary undertakings expressed in foreign currencies are translated into sterling at average rates of exchange for the year, which are a reasonable approximation for the exchange rates at the dates of the transactions. Assets and liabilities are translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange translation differences arising on consolidation net of the results of related foreign exchange transactions, which are themselves valued at forward exchange rates ruling

at the balance sheet date, are recognised in other comprehensive income.

Exchange differences arising from trading operations and from conversion of short-term currency balances are included in operating profit.

(d) Subsidiary undertakings

In the separate balance sheet of the Company, subsidiary undertakings are stated at cost, less provisions for impairment.

(e) Tangible fixed assets

As permitted under the rules for transition to FRS 102, the Group has elected to use the former UK GAAP revaluation of freehold properties (excluding investment properties, note below) as the deemed cost of such properties. These properties are stated at deemed cost plus the historical cost of subsequent additions and less subsequent accumulated depreciation and any subsequent impairment losses.

Investment properties are measured at fair value at each balance sheet date. No depreciation is provided. Changes in fair value are included in the income statement. The Group has elected to transfer accumulated gains to the revaluation reserve.

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

The historical cost of an asset includes its purchase price and expenditure that is directly attributable to the acquisition of that asset, and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Borrowing costs are not capitalised.

Under certain circumstances, when subsequent expenditure improves a fixed asset, such expenditure is capitalised. These circumstances are when the expenditure enhances the asset (for instance by extending its useful life or increasing its capacity), or when it replaces a component of an asset that has been treated separately for depreciation, for instance as part of an overhaul when the replaced part is derecognised. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Notes to the financial statements (continued)

Assets are depreciated over their estimated useful lives using the straight line method at rates appropriate to the types of assets. The following annual rates are used:

Land	nil
Buildings	2%
Long leaseholds	2%
Short leaseholds	according to life of lease
Plant and machinery, fixtures, fittings, tools and equipment	5% – 33%

(f) Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet 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 (“CGU”) 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 its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

(g) Stocks

Stocks, including work-in-progress, and other than those stocks held by certain trading operations (below), are stated at the lower of cost and net realisable value. Cost comprises costs of purchase and appropriate overheads, and is calculated using specific cost, first-in, first-out (“FIFO”) or weighted average cost as appropriate to the business. Net realisable value is the estimated selling price less costs to complete and sell.

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 loss is recognised in profit or loss.

Stocks held by certain trading operations are stated at fair value (determined with reference to prevailing market prices at the balance sheet date) less costs to sell with any changes recognised in the income statement.

(h) Financial assets and liabilities

Financial assets include cash at bank and in hand, trade and other debtors, fixed asset investments and derivative financial instruments. Financial liabilities include bank loans and overdrafts, trade and other creditors and derivative financial instruments. The derivative financial instruments of most significance to the Group are London Metal Exchange (“LME”) forward contracts and foreign exchange contracts.

Derivatives are carried on the balance sheet at fair value, with gains or losses recognised in the income statement unless the derivatives are designated and qualify for hedge accounting.

The fair value changes on the effective portion of derivatives which are designated and qualify for hedge accounting are included in other comprehensive income and transferred to the income statement when the hedged transaction is realised. The fair value changes on the ineffective portion are recognised immediately in the income statement.

Notes to the financial statements (continued)

Other than amounts relating to derivatives, trade and other debtors are initially recognised at the transaction amounts, and subsequently they are measured at amortised cost. Due to the short term nature of trade and other debtors, amortised cost equates to transaction amount less any allowance required for irrecoverable debts.

Other than amounts relating to derivatives, trade and other creditors are initially and subsequently recognised at the transaction amounts, which equate to amortised cost.

Other than investments in associated companies, fixed asset investments whose fair value can be measured reliably are measured at fair value. Changes in fair value are recognised in profit or loss. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable data where it is available. Other fixed asset investments are measured at cost less impairment.

LME forward contracts are valued at closing prices quoted by the London Metal Exchange and foreign exchange contracts are valued at the market rates prevailing at the close of business on the balance sheet date.

In the consolidated cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits and short term deposits with banks and similar institutions with original maturities of three months or less that are subject to an insignificant risk of changes in value, less bank overdrafts repayable on demand.

(i) Dividends

Dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final dividends are recognised when approved by the shareholders at an annual general meeting.

(j) Terminal market contracts: Amalgamated Metal Trading Ltd

Forward terminal market contracts are valued at the relevant forward prices ruling at the balance sheet date. The profits and losses arising from this valuation are included in the income statement. Each client's balance comprises the net of one or both of this valuation and a realised element, and this net amount is reported in the balance sheet within trade debtors and trade creditors as appropriate. In addition, adjustments are made to reflect the market conditions prevailing at the balance sheet date and these are included in the income statement.

(k) Trading in commodity metals

The overall position in each metal is valued at the prevailing market price and differences arising are included in the income statement, and within debtors and creditors as appropriate, with due allowance made for the costs of completing contracts.

(l) Provisions

Provisions are recognised when at the balance sheet date there is a legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate of the obligation can be made.

(m) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. Such assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor.

All other leases are classified as operating leases. Hire and rental charges under operating leases are charged to the income statement on a straight line basis over the term of the lease.

Notes to the financial statements (continued)

(n) Current and deferred taxation

The tax expense for the period comprises current tax and deferred tax. Tax is recognised in profit or loss, except that tax attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is itself 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 balance sheet date in the countries where Group companies operate and generate taxable income.

Deferred tax is recognised on all timing differences that have originated but not reversed at the rates substantially enacted by the balance sheet date except that:

Deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and

Deferred tax balances are reversed if and when all conditions for obtaining associated tax allowances have been met.

(o) Pensions and retirement benefits

The Group maintains both defined benefit and defined contribution schemes for Group employees. Contributions are made to these schemes in accordance with actuarial advice. The assets of the defined benefit scheme are held separately from those of Group companies.

The net defined benefit liability or asset of a scheme is the difference between its defined benefit obligation and the fair value of the scheme's assets. The defined benefit obligation is the present value of expected future payments required to settle the scheme's obligation resulting from employee service in the current and prior periods, and is measured using a projected unit method and discounted at the current rates of return on high quality corporate bonds of equivalent currency and term to the scheme's obligation. The movements in the defined benefit liability

or asset are split between those in the income statement, and those in the statement of other comprehensive income.

The Company and a number of its subsidiaries are members of the Amalgamated Metal Corporation pension scheme, a group defined benefit plan. There is no agreement or policy for charging the defined benefit cost of the plan to other members, so the full amounts of plan income, costs, assets and liabilities are included in the financial statements of the Company.

(p) Revenue

Revenue is reported as turnover, which represents sales as principal to customers and clients outside the Group. Turnover is recognised when the significant risks and rewards of ownership have passed to the buyer, and it is probable that the Group will receive the previously agreed consideration. Generally this occurs at the point of agreed delivery to the buyer. In the case of futures brokerage transactions, turnover represents net commission earned plus, where applicable, the net result of the market making activities.

(q) Associates and jointly controlled entities

In the Group financial statements, investments in associates are accounted for using the equity method. Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of profit or loss of the associate. In the Company financial statements, investments in associates are accounted for at cost less impairment.

(r) Equity reserves

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings, investment properties and fixed asset investments which are revalued to fair value at each reporting date.

Notes to the financial statements (continued)

3.2 Critical accounting judgements and key sources of estimation uncertainty

In preparing financial statements, the Group makes estimates and assumptions that affect the application of accounting policies and reported amounts. Actual results may differ from these estimates, and the differences arising may cause material adjustments to the carrying value of assets and liabilities in the next financial year. Estimates and assumptions that have a significant risk of causing such a material adjustment in the next financial year are addressed below.

Pensions and retirement benefits

The present value of defined benefit pension scheme obligations (notes 2(o) and 23) is sensitive to changes in a number of actuarial assumptions at the balance sheet date that are set out in note 23. Any changes in such assumptions will impact the carrying amount of these obligations that are included in both the Consolidated and Company balance sheets at £187,363,000 (2018: £179,871,000).

4. Turnover

	The Group	
	2019 £'000	2018 £'000
Analysis by class of business		
AMC Trading	626,257	634,608
AMC Industrial	262,559	268,822
	888,816	903,430
Analysis of country by destination		
UK and Continental Europe	276,773	314,500
Far East and Australasia	504,420	459,876
Other	107,623	129,054
	888,816	903,430
Analysis by category of revenue		
Goods	858,571	875,942
Services	12,287	12,437
Commission	10,467	11,881
Other	7,491	3,170
	888,816	903,430

Notes to the financial statements (continued)

5. Operating costs

	The Group	
	2019	2018
	£'000	£'000
Raw materials, consumables and goods for resale	794,876	831,791
Other external charges	21,389	21,960
Staff costs:		
Wages and salaries	25,787	23,476
Social security costs	1,461	1,367
Pension costs: defined benefit scheme (note 23(d))	658	2,227
Pension costs: defined contribution schemes	1,222	955
Other pension costs	227	194
Amortisation of goodwill (note 12)	32	35
Depreciation of tangible fixed assets (note 13)	2,168	1,920
Audit fees payable:		
To the Company's auditor for the audit of the Company and consolidated accounts	95	98
To the Company's auditor and its associates for the audit of the Company's subsidiaries	264	311
To the Company's auditor and its associates for non-audit services:		
Audit related	15	10
Tax	3	9
United Kingdom charitable donations	3	7
Hire and rental charges under operating leases	1,687	2,040
Other operating charges	8,282	12,906
Total operating costs	858,169	899,306

	The Company	
Staff costs include the following amounts incurred by the Company:		
Wages and salaries	2,644	2,428
Social security costs	269	243
Pension costs: defined contribution scheme	52	47

Notes to the financial statements (continued)

6. Emoluments of Directors

	The Company	
	2019 £'000	2018 £'000
Payments to Directors:		
Aggregate emoluments	1,204	1,175
	2019 Number	2018 Number
Number of Directors for whom retirement benefits were accruing:		
Defined benefit pension scheme	1	1
One Director was a member of a Group defined contribution pension scheme (2018: two)	1	2
	2019 £'000	2018 £'000
Highest paid Director:		
Aggregate emoluments	448	355
The key management personnel are considered to be the Directors of the Company.		

7. Employees

	The Group	
	2019 Number	2018 Number
The average monthly numbers of persons employed during the year were:		
The Group		
AMC Trading	133	133
AMC Industrial	531	490
Central	26	26
	690	649
The Company	26	26

Notes to the financial statements (continued)

8. Net interest (expense)

	The Group	
	2019	2018
	£'000	£'000
Interest receivable	1,141	929
Interest payable:		
Bank loans and overdrafts repayable within five years	(2,132)	(2,463)
	(991)	(1,534)

9. Other finance costs

	The Group	
	2019	2018
	£'000	£'000
Net interest on net defined benefit pension liability (Note 23(d))	(1,259)	(1,000)

Notes to the financial statements (continued)

10. Tax on profit on ordinary activities

	The Group	
	2019	2018
	£'000	£'000
Current tax:		
UK corporation tax	1,748	1,485
Overseas tax	1,481	1,647
Total current tax	3,229	3,132
Deferred tax (note 19)	307	(783)
Tax on profit on ordinary activities	3,536	2,349

The tax assessed for the year is higher (2018: higher) than the standard rate of tax noted below applied to profit before tax. The differences are explained below.

	The Group	
	2019	2018
	£'000	£'000
Profit on ordinary activities before tax	16,958	11,619
Tax on profit on ordinary activities at the standard rate of 20.7% (2018: 20.2%)	3,514	2,348
Effects of:		
Permanently disallowed items	128	89
Withholding taxes	52	50
Losses not recognised for deferred tax	-	4
Adjustments to prior period charges	(93)	(95)
Sundry	(65)	(47)
Total tax charge for the year	3,536	2,349

The standard rate of tax is the average of the statutory rates applicable to Group companies, weighted by pre-tax profits for the year.

The aggregate of current and deferred tax relating to items recognised in other comprehensive income is a credit of £85,000 (2018: credit of £861,000).

Notes to the financial statements (continued)

11. Dividends

	2019 £'000	2018 £'000
Ordinary shares: interim dividends paid of 16.73p per share (2018: 18.33p per share)	2,829	3,100
6.0% cumulative preference shares: dividends paid	54	54
5.4% cumulative preference shares: dividends paid	76	76
Attributable to owners of the parent	2,959	3,230
To non-controlling interests	4,099	502
	7,058	3,732

Additionally, during the year Sansing has returned a proportion of its issued share capital to shareholders, resulting in a redemption of £1,402,000 to non-controlling interests.

12. Intangible fixed assets

The Group	Goodwill £'000	Negative goodwill £'000	Total £'000
Cost:			
At 1 January 2019	2,266	(580)	1,686
Exchange	(84)	3	(81)
At 31 December 2019	2,182	(577)	1,605
Amortisation:			
At 1 January 2019	762	(310)	452
Exchange	(28)	1	(27)
Charge for the year	96	(64)	32
At 31 December 2019	830	(373)	457
Net book amount: at 31 December 2019	1,352	(204)	1,148
Net book amount: at 31 December 2018	1,504	(270)	1,234

Notes to the financial statements (continued)

13. Tangible fixed assets

The Group	Land and buildings				Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Assets in the course of construction £'000	Total £'000
	Investment property £'000	Other freehold £'000	Long leasehold £'000	Short leasehold £'000				
Cost or valuation:								
At 1 January 2019	335	10,743	627	1,435	29,412	8,841	301	51,694
Exchange		(57)			361	(17)		287
Additions		860			2,623	516	5,578	9,577
Revaluation		15						15
Transfers between categories		2			(37)	243	(208)	-
Disposals					(1,113)	(91)		(1,204)
At 31 December 2019	335	11,563	627	1,435	31,246	9,492	5,671	60,369
Depreciation:								
At 1 January 2019	-	1,865	273	448	22,551	7,553	-	32,690
Exchange		44			277	(8)		313
Charge for the year		147	12	63	1,489	457		2,168
Transfers between categories					(8)	8		-
Disposals					(1,039)	(88)		(1,127)
At 31 December 2019	-	2,056	285	511	23,270	7,922	-	34,044
Net book amount: at 31 December 2019								
	335	9,507	342	924	7,976	1,570	5,671	26,325
Net book amount: at 31 December 2018	335	8,878	354	987	6,861	1,288	301	19,004

Notes to the financial statements (continued)

13. Tangible fixed assets (continued)

The depreciated historical cost net book amounts of investment property and other freehold land and buildings are:

	2019 Investment property £'000	2019 Other freehold land and buildings £'000	2018 Investment property £'000	2018 Other freehold land and buildings £'000
Cost	50	10,200	50	9,349
Accumulated depreciation	(12)	(3,834)	(12)	(3,683)
	38	6,366	38	5,666

Investment property

Investment properties, which are all freehold, were revalued to fair value at 31 December 2019 based on a valuation undertaken by Avison Young, an independent valuer with recent experience in the class and location of the investment property being valued. The valuations were undertaken using the comparable and investment methods of valuation in accordance with RICS Valuation – Global Standards 017. The markets for the individual units were investigated, rental and sales evidence were collated and adjusted to take account of the situation, layout and specification of the individual properties.

Borrowings are secured on tangible fixed assets with a carrying amount of £Nil (2018: £1,924,000).

The Company	Fixtures, fittings, tools and equipment £'000
Cost:	
At 1 January 2019	2,758
Additions	181
At 31 December 2019	2,939
Depreciation:	
At 1 January 2019	2,532
Charge for the year	109
At 31 December 2019	2,641
Net book amount: at 31 December 2019	298
Net book amount: at 31 December 2018	226

	The Group		The Company	
Capital commitments:	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Amounts contracted	1,373	681	10	-

Notes to the financial statements (continued)

14. Fixed asset investments

	The Group	
	2019	2018
	£'000	£'000
Associated companies:		
Shares in Alloys, Metals and Ceramics Holdings (Pty) Ltd	705	608
Shares in The British Metal Corporation (India) Private Ltd	346	331
Shares in Scanmetals (UK) Ltd	593	167
	1,644	1,106
Other investments:		
LME Holdings Ltd 'B' shares	1,800	1,800
Kasbah Resources Ltd	25	155
	3,469	3,061

The carrying value of the Group's investments in associates contains the following movements:

	The Group	
	2019	2018
	£'000	£'000
At 1 January	1,106	1,313
Investments in the year	76	-
Share of profits (included in other income)	-	47
Share of profits/(losses) before tax	639	(231)
Share of tax charges	(149)	44
Exchange	(28)	(67)
At 31 December	1,644	1,106

The Group has an interest of 50% in Alloys Metals and Ceramics Holdings (Pty) Ltd, a South African company, 40% of The British Metal Corporation (India) Private Ltd and 33.33% of Scanmetals (UK) Ltd.

Notes to the financial statements (continued)

Other investments:

The LME Holdings Ltd 'B' shares are level '3' assets in the fair value hierarchy set out in FRS 102, and are recognised at £72 per share (2018: £72). This valuation includes assumptions based on non-observable market data. The Directors do not consider that there are reasonable possible alternative assumptions that could be applied in the valuation.

The investment in Kasbah Resources Ltd is measured at fair value, being its quoted price on the Australian Securities Exchange at the balance sheet date. Changes in fair value are recognised in the income statement. There was a loss of £138,000 (2018: loss £111,000).

Subsidiaries and operating units are listed on pages 70 to 74.

	The Company	
	2019	2018
	£'000	£'000
Shares in Group companies	272	272

15. Stocks

	The Group		The Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Raw materials and consumables	20,034	36,869	-	-
Work in progress	28,071	33,987	-	-
Finished goods	10,700	16,390	-	-
Goods for resale	66,391	77,383	-	-
	125,196	164,629	-	-

Notes to the financial statements (continued)

16. Debtors

	The Group		The Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade debtors	53,839	54,939	-	-
Due from LME Clear Ltd	38,186	14,498	-	-
Amounts owed by subsidiaries	-	-	127,342	115,585
Amount owed by parent company	10	-	-	-
Amounts owed by associate companies	800	-	800	-
Corporate taxation recoverable	1,570	961	-	-
Other debtors	9,319	8,907	881	1,375
Prepayments and accrued income	1,768	3,352	330	367
Derivative financial instruments	13,595	40,455	524	450
Deferred tax asset (note 19)	7,002	8,004	7,430	7,918
	126,089	131,116	137,307	125,695

Other than the deferred tax asset, all debtors are receivable within one year except for the following:

Amounts owed by subsidiaries	-	-	15,515	23,449
------------------------------	---	---	--------	--------

The cost of providing against or writing off trade and other debtors was nil (2018: nil).

The analysis of trade and other debtors that were past due but not impaired was as follows:

	The Group	
	2019 £'000	2018 £'000
Overdue by		
1-30 days	5,336	2,755
31-60 days	955	849
61-90 days	41	17
Over 90 days	187	257

Notes to the financial statements (continued)

17. Share capital

	The Company and The Group	
	2019 £'000	2018 £'000
Allotted and fully paid:		
16,908,197 Ordinary shares of £1 each	16,908	16,908
900,000 6.0% cumulative preference shares of £1 each	900	900
1,405,535 5.4% cumulative preference shares of £1 each	1,406	1,406
	19,214	19,214

Both categories of preference shares are irredeemable. They rank equally in priority for dividend payments and the return of assets on a winding up, both of which they are entitled to in priority to holders of ordinary shares. Dividends on preference shares are restricted to the amounts shown in note

11 and assets returned on a winding up are limited to the amounts paid up on the shares together with any arrears of dividends. Preference shareholders are entitled to vote on resolutions at a General Meeting only in restricted circumstances.

18. Provisions for liabilities

	The Group	
	2019 £'000	2018 £'000
Pensions and similar obligations	659	474
Deferred taxation (note 19)	8	13
	667	487

Notes to the financial statements (continued)

19. Deferred taxation

Movements on deferred tax	The Group	The Company
	£'000	£'000
At 1 January 2019: net asset	7,991	7,918
Profit and loss account	(308)	211
Other comprehensive income	(699)	(699)
Exchange	10	-
At 31 December 2019: net asset	6,994	7,430

The above are reported in the balance sheet as:

	The Group		The Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Deferred tax asset	7,002	8,004	7,430	7,918
Deferred tax liability	(8)	(13)	-	-
	6,994	7,991	7,430	7,918
Analysis of net deferred tax assets				
Timing differences relating to:				
Pensions	7,099	7,797	7,099	7,797
Tangible fixed assets	(479)	(386)	3	1
Fixed asset investments	(306)	(306)	-	-
Accruals and other	680	886	328	120
	6,994	7,991	7,430	7,918

Potential deferred tax assets in various locations relating to tax losses amounting to £820,000 (2018: £886,000) have not been recognised on the grounds that utilisation of such losses is considered uncertain. The losses have no expiry date.

Notes to the financial statements (continued)

20. Creditors

	The Group		The Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Other creditors falling due within one year:				
Trade creditors	57,610	40,693	152	203
Amount owed to holding company	82	80	68	77
Amounts owed to subsidiaries	-	-	5,262	563
Amounts owed to associates	71	-	-	-
Declared preference dividends	65	65	65	65
Minority interest dividends payable	4,098	-	-	-
Corporate taxation	2,298	1,715	359	627
Other taxation and social security	779	1,498	287	277
Accruals and deferred income	12,220	13,568	1,928	1,345
Derivative financial instruments	27,285	33,429	554	785
Other	5,414	13,957	250	298
	109,922	105,005	8,925	4,240

Notes to the financial statements (continued)

21. Cash flows from operating activities

	The Group	
	2019	2018
	£'000	£'000
Profit for the financial year	13,422	9,270
Adjustments for:		
Amortisation of goodwill	32	35
Depreciation of tangible fixed assets	2,168	1,920
Profit on disposal of tangible fixed assets	(95)	(264)
(Profit) from change in fair value of investment property	(15)	-
Loss on change in fair value of fixed asset investments	138	111
Defined benefit pension scheme service cost	658	2,227
Defined benefit pension scheme net interest cost	1,259	1,000
Defined benefit pension scheme contributions	(3,150)	-
(Profit) / Loss of associated companies	(639)	184
Taxation	3,536	2,349
Net interest expense	991	1,534
Decrease/ (increase) in stocks	39,433	(28,267)
Decrease/ (increase) in debtors	4,542	24,811
Increase/ (decrease) in creditors and provisions	679	7,404
Exchange	(4,569)	6,048
Cash inflow/ (outflow) from operations	58,390	28,362

Notes to the financial statements (continued)

22. Movement in net funds

	31 December 2018 £'000	Exchange £'000	Increase in cash and cash equivalents £'000	Movements in other borrowings £'000	31 December 2019 £'000
2019					
Cash at bank and in hand	85,866	(1,306)	11,208	-	95,768
Borrowings on demand	(31,062)	2,005	7,832	-	(21,225)
Cash and cash equivalents	54,804	699	19,040	-	74,543
Other bank loans and overdrafts falling due within one year	(31,056)	894	-	22,169	(7,993)
Net funds	23,748	1,593	19,040	22,169	66,550

Included in cash at bank and in hand is unsegregated cash of £33,835,000 held by the Group's regulated financial services subsidiaries, which is not made available to other members of the Group (2018: £15,800,000).

The carrying value of bank loans and overdrafts is a reasonable approximation to fair value, and represents drawdowns under short-term loan facilities that expire less than one year after the balance sheet date.

Bank loans and overdrafts at 31 December 2019 include £15,541,000 secured on the assets of the relevant Group companies (2018: £18,351,000). An additional £4,909,000

(2018: 15,889,000) of bank loans and overdrafts relate to stocks that had been sold to banks in December 2019 with an agreement to repurchase the same stocks in January 2020.

The cash at bank values disclosed in the above table are stated net of certain overnight currency borrowings. Had these positions not been offset, the value of cash at bank at 31 December 2019 would have been £120,913,000 (31 December 2018 - £101,690,000) and the value of bank loans and overdrafts at 31 December 2019 would be £54,363,000 (31 December 2018 - £77,942,000).

Notes to the financial statements (continued)

22. Increase in cash and cash equivalents

	31 December 2017 £'000	Exchange £'000	Increase in cash and cash equivalents £'000	Movements in other borrowings £'000	31 December 2018 £'000
2018					
Cash at bank and in hand	58,058	856	26,952	-	85,866
Borrowings on demand	(18,596)	(1,366)	(11,100)	-	(31,062)
Cash and cash equivalents	39,462	(510)	15,852	-	54,804
Other bank loans and overdrafts falling due within one year	(26,916)	(1,256)	-	(2,884)	(31,056)
Net funds	12,546	(1,766)	15,852	(2,884)	23,748

Notes to the financial statements (continued)

23. Pensions

The defined benefit scheme is the Amalgamated Metal Corporation pension scheme in the UK, which is a final salary pension scheme. This scheme is funded in accordance with independent actuarial advice, with the assets held in a separate trustee-administered fund and it has been closed to new joiners since 2003, with new employees offered membership of defined contribution schemes.

The administrative costs of the defined pension scheme are borne by the scheme itself.

Actuarial valuations are carried out triennially by the independent actuary. The most recent

full actuarial valuation of the Amalgamated Metal Corporation pension scheme was as at 1 January 2017. This valuation showed assets of £139.0 million, representing 107% of benefits that had accrued to members using the attained age method. Given the actuarial surplus, contributions from the Company to cover future service costs are not required, however voluntary contributions of £3,150,000 were made in the year by the Company (2018: £none).

For the purposes of these financial statements, this preliminary actuarial valuation has been updated to 31 December 2019 by the same qualified independent actuary. The major assumptions used by the actuary were:

	2019 %	2018 %
Price inflation per annum – RPI	2.86	3.40
Price inflation per annum – CPI	2.06	2.40
Pensionable salary increases per annum	2.31	2.65
Pension increases per annum	2.06 - 3.54	2.40 – 3.70
Deferred pension increases per annum	2.06 - 2.86	2.40 – 3.40
Discount rate	1.94	2.80

Mortality assumptions

The mortality assumptions in the UK scheme are set out in the table below. Base mortality is assumed to be in line with the S2PA table (2018: S2PA table) with future improvement in line with the CMI 2018 projection basis (2018: CMI 2017) with a 0.5% long-term improvement rate.

	2019 Years	2018 Years
Life expectancy for current pensioners:		
Men	86	86
Women	88	88
Life expectancy for future pensioners:		
Men	86	87
Women	88	89

Notes to the financial statements (continued)

23. Pensions (continued)

	2019 £'000	2018 £'000
(a) Net defined benefit liability		
Equities	45,335	37,964
Multi-asset funds	31,044	32,250
Property and infrastructure	44,105	39,929
Targeted return and hedge funds	23,018	21,466
Cash	2,103	2,398
Fair value of scheme assets	145,605	134,007
Defined benefit obligation	187,363	179,871
Net defined benefit liability	41,758	45,864
(b) Changes in the fair value of scheme assets		
Brought forward	134,007	146,897
Interest income on scheme assets	3,687	3,725
Experience gains/(losses) on scheme assets	11,938	(10,059)
Contributions paid by employer	3,150	
Benefits paid	(7,177)	(6,556)
Carried forward	145,605	134,007

Scheme assets do not include any of the Group's own financial instruments, nor any property occupied by Group companies.

The actual return on scheme assets in the year was a gain of £15,625,000 (2018: loss of £6,334,000).

Notes to the financial statements (continued)

23. Pensions (continued)

	2019 £'000	2018 £'000
(c) Changes in the defined benefit obligation		
Brought forward	179,871	184,605
Current service cost	658	799
Past service cost (below)	-	1,428
Interest cost	4,946	4,725
Actuarial losses/(gains)	9,065	(5,130)
Benefits paid	(7,177)	(6,556)
Carried forward	187,363	179,871

The past service cost recorded in 2018 arose following the October 2018 court ruling in respect of the Lloyds pension schemes, requiring UK pension schemes to equalise Guaranteed Minimum Pensions (GMP's).

A review of the impact of this ruling on the scheme, given the scheme's specific rules and circumstances and clarification of the legal position, is ongoing. Only when it has been finalised will the liability, which may be zero, be known.

	2019 £'000	2018 £'000
(d) Amounts recognised in the consolidated income statement		
Included in operating costs:		
Current service cost	658	799
Past service cost	-	1,428
	658	2,227
Included in other finance costs:		
Net interest cost	1,259	1,000
(e) Amounts recognised in the consolidated statement of comprehensive income		
Actual return on assets less interest income included in net interest cost	11,938	(10,059)
Experience (losses)/ gains arising on scheme liabilities	(2,212)	63
Changes in the assumptions underlying the present value of scheme liabilities	(6,853)	5,067
Net gains / (losses)	2,873	(4,929)

Notes to the financial statements (continued)

24. Contingent liabilities

	2019 £'000	2018 £'000
Guarantees issued by the Company in respect of subsidiaries' obligations:		
Bank borrowings of subsidiaries	27,371	47,720
Bank set-off arrangements for borrowings of UK subsidiaries	721	404
Bank borrowings of associate companies	193	-

25. Commitments under operating leases

	The Group		The Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
At 31 December, future minimum lease payments under non-cancellable operating leases were as follows:				
Not later than one year	1,699	1,291	860	355
Later than one and not later than five years	4,751	4,843	3,421	3,408
Later than five years	3,274	4,183	-	852
	9,724	10,317	4,281	4,615

26. Related parties and related party transactions

AMCO Investments Ltd (AMCO), a company incorporated in England and Wales, is the immediate and ultimate controlling entity of Amalgamated Metal Corporation PLC. Copies of the consolidated financial statements of AMCO are available from Companies House.

Transactions between wholly owned companies in the AMC Group and AMCO are not disclosed, as permitted by FRS 102.

During the year ended 31 December 2019, sales from wholly owned group companies to non-wholly owned group companies totalled £8,018,000 (2018 - £4,606,000). Purchases by wholly owned group companies from non-wholly owned group companies totalled £8,832,000 (2018 - £12,250,000). Interest charged by wholly owned group companies to non-wholly owned group companies totalled £53,000 (2018 - £7,000). Interest paid by associates to group companies totalled £30,000 (2018 - £14,000).

At the balance sheet date, amounts due from wholly owned group companies to non-wholly owned group companies totalled £18,000 (2018 - £1,717,000). Amounts due to wholly owned group companies from non-wholly owned group companies totalled £1,235,000 (2018 - £2,762,000). These amounts have been eliminated on consolidation.

At the balance sheet date inter-company forward contract balances due from non-wholly owned group companies to wholly owned group companies totalled £82,000 (2018 - £1,527,000). Forward contract balances due from wholly owned group companies to non-wholly owned group companies totalled £11,000 (2018 - £1,309,000). These amounts have been eliminated on consolidation.

Balances due to/from associates are disclosed separately in notes 16 and 20. Rent charged to associates amounted to £311,000 (2018: £270,000).

Notes to the financial statements (continued)

27. Events after the reporting period

On 12 February 2020 the Group 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, aerospace and defence. It holds aerospace approvals from major engineering groups in the UK.

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.

Coronavirus

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 although we do, however, anticipate a continued demand for hedging services as industry seeks to protect itself against volatility in the metal markets. Our liquidity position and our robust liquidity management framework benefits us in these times, providing the Group with resilience against economic turbulence whilst the significant investments in technology that we have made in 2019 has given the London based trading businesses a remote working capability which enables them to continue operating during the coronavirus storm.

28. Financial instruments

(a) Analysis of the Group's and Company's financial instruments

The Group's and Company's financial instruments may be analysed as follows:

	The Group		The Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash at bank and in hand	95,768	85,866	34,466	52,396
Financial assets measured at fair value through profit or loss	15,420	42,410	524	450
Financial assets that are debt instruments measured at amortised cost	102,154	78,344	129,024	116,960
Financial liabilities measured at fair value through profit or loss	27,285	33,429	554	785
Financial liabilities measured at amortised cost	97,337	118,411	6,084	9,357

Financial assets measured at fair value through profit or loss comprise derivative financial instruments and the fixed asset investments in LME Holdings Ltd 'B' shares and in Kasbah Resources Ltd.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts due from LME Clear, amounts owed by the parent company, other debtors, and in the Company, amounts owed by subsidiaries.

Financial liabilities measured at fair value through profit or loss represents derivative financial instruments.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, amount owed to holding company, declared dividends, other tax and social security and other creditors, and in the Company, amounts owed to subsidiaries.

Notes to the financial statements (continued)

28. Financial instruments (continued)

Derivative financial instruments and the fixed asset investment in Kasbah Resources Ltd are level “1” financial instruments in the hierarchy set out in FRS 102.

The Group has entered into foreign currency options which expire during 2020 that qualify as cash flow hedges against highly probable forecasted transactions in US dollars. The fair value of these options at 31st December 2019 was £Nil (2018: £102,000 liability recorded in creditors) with £102,000 recognised as a profit in other comprehensive income (2018: profit of £137,000).

(b) Operating income and forward profits and losses

Operating income includes net gains of £8,828,000 (2018: £5,731,000) on trading terminal market contracts by AMT and foreign exchange contracts by AMC. Operating income includes £3,602,000 of forward losses (net of profits) arising in AMT (2018: £15,800,000 profits net of losses). These profits and losses are included in trade debtors and trade creditors as appropriate.

(c) Market risk and sensitivity

At 31 December 2019, a 1% change in market prices would have resulted in a change of £933,000 (2018: £966,000) in the market value of AMT’s LME derivatives held with third parties. The AMT positions largely reflect hedging done by AMT on behalf of other Group companies to mitigate their positions in physical metals so the impact on the Group’s profit would be significantly less than this amount.

At 31 December 2019, a 1% change in market prices would have resulted in a change of £159,000 (2018: £120,000) in the market value of AMT’s LME derivatives held with all parties.

A 1% change in spot exchange rates against sterling would have resulted in a change of £337 (2018: £163) in the market value of AMC London Treasury’s net foreign exchange positions with all parties.

(d) Credit risk

At 31 December 2019, the Group’s exposure to credit risk, without taking account of credit enhancements described on page 27, is represented by trade and other debtors shown in note 16, along with credit risks arising on the derivatives and other contracts for the future delivery of metal described above. The credit risk associated with banks is also set out on page 27.

(e) Capital

The Group regards its capital as its share capital, share premium, revaluation reserve and profit and loss account. The Group’s policy is to maintain its capital at a prudent level in order to be able to meet all its financial obligations. There are externally imposed capital requirements on AMT and AMT Futures, companies regulated by the Financial Conduct Authority. Banks stipulate minimum capital levels in AMC PLC, Amalgamet Ltd, CA Group, Consolidated Alloys (NZ) and Sansing Ltd as a condition of lending to those companies. All these requirements and conditions have been fully adhered to.

Subsidiaries and operating units

Company	Registered Office, and country of corporation	Main Activities	General Manager	Class of shares owned	Proportion of class owned
Group Head Office					
Amalgamated Metal Investment Holdings Ltd +	55 Bishopsgate, London, EC2N 3AH, UK	Investment and property holding company		Ordinary	100%
British Amalgamated Metal Investments Ltd	55 Bishopsgate, London, EC2N 3AH, UK	Investment and property holding company		Ordinary	100%
Consolidated Tin Smelters Ltd	55 Bishopsgate, London, EC2N 3AH, UK	Investment holding company		Ordinary	100%
The British Metal Corporation Ltd	55 Bishopsgate, London, EC2N 3AH, UK	Investment dealing company		Ordinary	100%
Regional Holding Companies					
Amalgamated Metal (Australia) Ltd	32 Industrial Avenue, Thomastown, Victoria, 3074, Australia	Investment holding company		Ordinary	100%
BAMI Canada Inc	595 Burrard St, Three Bentall Centre, Vancouver, British Columbia, V7X 1L3, Canada	Investment holding company		Ordinary	100%
Escoy Holdings Bhd	51-11-E2 Jalan, Sultan Ahmad Shah, Menara BHL, 10050, Penang, Malaysia	Investment holding company	N Ariff	Ordinary	54.85%

Company	Registered Office, and country of corporation	Main Activities	General Manager	Class of shares owned	Proportion of class owned
AMC Trading					
Amalgamated Metal Trading Ltd	55 Bishopsgate, London, EC2N 3AH, UK	London Metal Exchange ring dealer	N Fellowes	Ordinary	100%
AMT Futures Ltd	55 Bishopsgate, London, EC2N 3AH, UK	Commodity and financial futures brokers	C J P Rigby	Ordinary	100%
AMC Treasury Services*	55 Bishopsgate, London, EC2N 3AH, UK	Group treasury operations	H Michie	N/A	N/A
Amalgamet Ltd	55 Bishopsgate, London, EC2N 3AH, UK	Metals, concentrates and minerals trading	A Sussmes	Ordinary	100%
Amalgamet (South East Asia) Pte Ltd	10 Anson Road, #09 –18 International Plaza, Singapore, 079903	Metals, concentrates and minerals trading	J Gip	Ordinary	100%
Amalgamet Canada LP	Suite 1001, 60 Yonge St, Toronto, ON, M5E 1H5, Canada	Metals, concentrates and minerals trading	H Michie	Ordinary	100%
Sansing Limited	26th floor, Wanchai Central Building, 89 Lockhart Road, Wanchai, Hong Kong	Trade of scrap and recycled non-ferrous metals	S Woolf	Ordinary	58%
				Preference "B" shares	63%
Amalgamated Metal Recycling Holdings Ltd	55 Bishopsgate, London, EC2N 3AH, UK	Investment holding company		Ordinary	58%
Brookside Metal Trading Ltd	55 Bishopsgate, London, EC2N 3AH, UK	Trade of scrap and recycled non-ferrous metals	H Michie	Ordinary	58%
William Rowland Ltd	9 Meadow Street, Sheffield, South Yorkshire, S3 7BL, UK	Marketing non-ferrous metals, ferro-alloys and metal powders	R Lowe	Ordinary	100%

Company	Registered Office, and country of corporation	Main Activities	General Manager	Class of shares owned	Proportion of class owned
Alloys, Metals and Ceramics Holdings (Pty) Ltd	1 Dormehl Street, Anderbolt Boksburg, Gauteng, South Africa	Metals, concentrates and minerals trading	M Retief	Ordinary	50%
The British Metal Corporation (India) Private Ltd	Apeejay House, 1st Floor, Dinsha Wachha Road, Mumbai 400020, India	Metals, concentrates and minerals trading	R Gopal	Ordinary	40%

+ Shares owned by Amalgamated Metal Corporation PLC, including voting rights

* Division of Amalgamated Metal Corporation PLC

Company	Registered Office, and country of corporation	Main Activities	General Manager	Class of shares owned	Proportion of class owned
AMC Industrial					
Consolidated Alloys (C.A. Group Australasia Pty Ltd)	32 Industrial Avenue, Thomastown, Victoria, 3074, Australia	Manufacture of construction materials and solders, and distribution of metals	N Hardcastle	Ordinary	100%
Vespol Pty Ltd	32 Industrial Avenue, Thomastown, Victoria, 3074, Australia	Manufacture and distribution of construction materials	N Hardcastle	Ordinary	100%
Keeling & Walker Ltd	Whieldon Road, Stoke-on-Trent, ST4 4JA, UK	Manufacture of tin oxide and specialist tin-based powders	D Guhl	Ordinary	100%
Thermox Performance Materials Limited	55 Bishopsgate, London, EC2N 3AH, UK	Manufacture of high performance tin oxide	D Guhl	Ordinary	100%

Company	Registered Office, and country of corporation	Main Activities	General Manager	Class of shares owned	Proportion of class owned
Thermox Performance Materials GmbH	Bredeneyer Str. 2b, 46133 Essen, Germany	Marketing and distribution of tin oxide and specialist tin-based powders	D Guhl	Ordinary	100%
Consolidated Alloys (NZ) Ltd	55 Maurice Road, Penrose, PO BOX 12387, Auckland, New Zealand	Manufacture of construction materials and solders and distribution of pumps	K Brooks	Ordinary	100%
Thailand Smelting and Refining Co Ltd	116/17-18 Srivit Building, Soonthornkosa Road, Klongtoey, Bangkok 10110, Thailand	Tin refining, manufacture of solders and metal powders and distribution of metals	A Davies	Ordinary	100%
Milver Metal Company Ltd	Coronel Avenue, Rowleys Green Industrial Estate, Coventry, West Midlands, CV6 6AP, UK	Manufacture of aluminium and copper alloys and metal recycling	D Sher	Ordinary	100%
Brookside Metal Company Ltd	28 Bilston Lane, Willenhall, WV13 2QE, UK	Industrial property holding	HTK Brown	Ordinary	100%
Scanmetals (UK) Ltd	28 Bilston Lane, Willenhall, WV13 2QE	Recycling of non ferrous metals	A King / J Esteves	Ordinary	33.3%

Company	Registered Office, and country of corporation	Main Activities	General Manager	Class of shares owned	Proportion of class owned
Other companies					
AMC Group Limited	55 Bishopsgate, London, EC2N 3AH, UK	Dormant		Ordinary	100%
Oakland Metal Company Ltd	55 Bishopsgate, London, EC2N 3AH, UK	Dormant		Ordinary	100%
Henry Gardner & Co Ltd	55 Bishopsgate, London, EC2N 3AH, UK	Dormant		Ordinary	100%
Amalgamet Inc	222 Bloomingdale Road, White Plains, New York 10605, USA	Metals, concentrates and minerals trading		Ordinary	100%
Consolidated Alloys Pty	32 Industrial Avenue, Thomastown, Victoria, 3074, Australia	Investment holding company		Ordinary	100%
BMC (SA)	1 Dormehl Street, Anderbolt Boksburg, Gauteng, South Africa	Investment holding company		Ordinary	49%
Ceramic & Alloy Specialists	1 Dormehl Street, Anderbolt Boksburg, Gauteng, South Africa	Metals, concentrates and minerals trading		Ordinary	50%
Ceralcast PTY Ltd	1 Dormehl Street, Anderbolt Boksburg, Gauteng, South Africa	Metals, concentrates and minerals trading		Ordinary	50%



Independent Auditor's Report

To the Members of Amalgamated Metal Corporation PLC

Opinion

We have audited the financial statements of Amalgamated Metal Corporation PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2019 and of the Group's 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 Group and Parent 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 Group's or the Parent 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.

Independent Auditors' report to the members of Amalgamated Metal Corporation PLC (continued)

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.

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 Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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 31, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' report to the members of Amalgamated Metal Corporation PLC (continued)

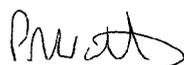
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.



Paul Watts

Senior Statutory Auditor

For and on behalf of RSM UK Audit LLP,
Statutory Auditor Chartered Accountants

25 Farringdon St, London EC4A 4AB
Date: 20 April 2020

RSM UK Audit LLP is a limited liability partnership registered in England and Wales (with registered number OC325350).



Notice of Annual General Meeting

Notice is hereby given that the ninety-first Annual General Meeting of Amalgamated Metal Corporation PLC will be held at the offices of the Company, 55 Bishopsgate, London, EC2N 3AH on Thursday, 18th June 2020 at 10.00am to transact the following business.

1. To approve and adopt the Group Managing Directors' Strategic Report, the Directors' Report and Financial Statements for the year ended 31 December 2019 (Resolution Number 1).
2. To re-elect Giles Robbins who will retire and be proposed for re-election (Resolution Number 2).
3. To re-appoint RSM UK Audit LLP as Auditors of the Company and to authorise the Directors to fix their remuneration (Resolution Number 3).
4. To transact any other ordinary business of the Company.

Every member entitled to attend and vote at the meeting may appoint a Proxy or Proxies to attend and to vote in his stead. A proxy need not be a member of the Company.

By Order of the Board



Hamish Michie
Company Secretary
20 April 2020

55 Bishopsgate London
EC2N 3AH



Group Directory

Group Head Office

55 Bishopsgate
London EC2N 3AH
United Kingdom

www.amcgroup.com

AMC Trading

Africa

Alloys Metals and Ceramics Holdings (Pty) Ltd

1 Dormehl Street, Anderbolt Boksburg,
Gauteng, South Africa

www.amcgroup.com

Asia

Amalgamet (South East Asia) Pte Ltd

10 Anson Road International Plaza # 09-18
Singapore 079903

www.amcmetaltrading.com

The British Metal Corporation (India) Pvt Ltd

Apeejay House, 1st Floor Dinsha Wachha Road
Mumbai 400020, India

www.britishmetal.com

Sansing Limited

26th Floor Wanchai Central Building 89
Lockhart Road, Wan Chai, Hong Kong

www.sansinghk.com

North America

Amalgamet Canada LP

Suite 1001, 60 Yonge Street Toronto, Ontario
M5E 1H5 Canada

www.amalgamet.com

Europe

Amalgamated Metal Trading Ltd

55 Bishopsgate London EC2N 3AH
United Kingdom

www.amt.co.uk

AMT Futures Ltd

55 Bishopsgate London EC2N 3AH
United Kingdom

www.amtfutures.co.uk

Amalgamet Ltd

5 Bishopsgate London EC2N 3AH
United Kingdom

www.amalgamet.co.uk

Brookside Metal Trading Ltd

28 Bilston Lane, Willenhall, WV13 2 QE
United Kingdom

www.brooksidemetals.com

William Rowland Ltd

9/13 Meadow Street Sheffield S3 7BL
United Kingdom

www.william-rowland.com

AMC Industrial

Asia

Thailand Smelting and Refining Co Ltd

80 Moo, Tambon Vichit Amphur Muang, Phuket
83000 Thailand

www.thaisarco.com

Australia & New Zealand

Consolidated Alloys

32 Industrial Avenue
Thomastown, Victoria 3074 Australia

www.cagroup.com.au

Consolidated Alloys (NZ) Ltd

55 Maurice Road, Penrose PO BOX 12387
Auckland, New Zealand

www.consolidatedalloys.co.nz

Vespol Pty Ltd

PO Box 12-387
Ingleburn, NSW 2565 Australia

www.vespol.com.au

D-45133 Essen, Germany

www.thermox.eu

Europe

Keeling & Walker Ltd

Whieldon Road
Stoke-on-Trent ST4 4JA United Kingdom

www.keelingwalker.co.uk

Milver Metal Company Ltd

Coronel Avenue, Rowleys Green Industrial
Estate, Coventry CV6 6AP United Kingdom

www.milvermetal.co.uk

Scanmetals(UK) Ltd

28 Bilston Lane, Willenhall, WV13 2 QE
United Kingdom

www.scanmetals.com

Thermox Performance Materials GmbH

Suite 101, White Plains
Bredeneyer Strasse 2B,
D-45133 Essen, Germany

www.thermox.eu

Thermox Performance Materials Ltd

Whieldon Road, Stoke-on-Trent ST4 4JA
United Kingdom

www.tinoxide.co.uk

Locations listed above are the operations' head offices only.



**55 Bishopsgate
London EC2N 3AH
United Kingdom**

amcgroup.com