



AMALGAMATED METAL CORPORATION PLC

Annual Report & Accounts 2020

amcgroup.com



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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.

2020 Highlights

In a challenging year we have delivered on our value proposition of reliability and stayed open for business

Our people have adapted to new ways of working and found **new and innovative ways to serve** our customers

We recorded our **35th consecutive annual pre-tax profit**, at £11.9m (2019: £17.0m)

Completed the **acquisition of E.F. Westaway Limited** ('Westaway'), and integrated it into William Rowland



William Rowland moved into their **new state-of-the-art** facility on the M1 corridor near Sheffield, allowing it to expand its capacity and offering

We completed the **launch** of our **non-ferrous metal recycling facility** at the Willenhall site, under the brand of Brookside Metal Trading

We continued to invest in **equipment, people, research and development, patents and processes**

Locations

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

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

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

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

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

William Rowland Metal Finishing Ltd
Sheffield, UK
www.wrmetalfinishing.co.uk

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



Amalgamet Canada LP
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



Sansing Limited
Hong Kong
www.sansinghk.com

Amalgamated Metal Trading
(Singapore) Pte Ltd
Singapore
www.amt.co.uk

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

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

Consolidated Alloys
Thomastown, Australia
www.cagroup.com.au

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

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

Chairman's Message

The global COVID-19 pandemic has been the dominant theme of 2020, triggering the deepest global recession in decades.

Last year's Annual Report coincided with the beginning of the first lockdown in the United Kingdom. That report outlined the challenges the Group would face during the 2020 year and my message ended with an expression of confidence that the Group, with the support of all staff, would prove itself resilient and prepared to weather the storm. The financial results, which reflect a profit before tax of £11.9m, are evidence that this confidence was well placed. The strategic report will explain in greater detail the specific challenges that required confronting, but I am pleased to be able to tell you that the Group was well positioned throughout the year to support those units that faced more severe challenges. The results are that the year ended with overall employment levels maintained and significant investment for the future preserved, in addition to resilient overall performance.

In my messages over the years, I have often mentioned the Group's product diversity and geographic spread. The benefits of this diversity and spread have once again manifested themselves in 2020. Whilst the profit before tax is lower than that achieved in 2019, it is ahead of that achieved in 2018, which was itself ahead of the years prior, and I regard this as an extremely satisfactory outcome given the particular challenges faced by all sectors exposed to the macro-economy in the 2020 year.

Many of you may want to know whether in 2021 we believe the impact of COVID-19 is over. The simple answer is no. However, with the development of successful vaccines I am confident that, whilst this is not the end of the COVID-19 crisis, March 2021 will mark the end of the beginning. We will continue to retain our cautious positioning, so that the Group is able to support units that may continue to



experience challenges. However, we remain committed to investing for the future and taking decisions to ensure the business progresses in the years ahead.

My thanks go to all staff for their commitment to the Group, their resourcefulness, and their contribution to a highly commendable result, in what has been a difficult year for many.

V H Sher

30 March 2021

“We remain committed to **investing for the future** and taking decisions to ensure the business progresses in the years ahead”

GROUP MANAGING DIRECTOR'S

Strategic Report

In 2020, the Group performed well, recording its 35th consecutive annual profit. Revenue was down 10% to £800m (2019: £889m), and pre-tax profit declined 30% to £11.9m (2019: £17.0m).

The outbreak of COVID-19 led to both a public health and an economic crisis across much of the world. This had adverse consequences for both our risk appetite and our results and financial performance in 2020. However, the business demonstrated the benefit of diversification, presenting resilience in a challenging situation. While below 2019 levels, the results remained ahead of 2018 levels (revenue: £903m; pre-tax profit: £11.6m), and represent a good trajectory in underlying results over the past five years.

Our employees' efforts in the way they responded to these challenges, both in relation to our business partners and the communities within which we operate, have been remarkable. Not only have we adapted to new ways of working, but we have also found new and innovative ways to serve our customers that will undoubtedly outlast the pandemic.

In most of our markets, reliability remains a key virtue. This year gave us an opportunity to prove ourselves in that regard. For example, Thaisarco, our tin smelter, remained operational throughout the pandemic; one of the only large primary smelters outside of China to do so. This was challenging to achieve, and required fast responses to the escalating virus threat and the rapidly shifting lockdown boundaries imposed at short notice. These responses were a team effort and, together with a myriad of other actions, helped ensure

that tin and tin solder, integral components for many in-demand products including consumer electronics and sophisticated medical equipment, remained available throughout the most challenging part of the year.

Similarly, in the UK, our producer of aluminium alloys, Milver, stayed open during the automotive hibernation in Q2, ensuring those customers who continued to operate had a sustained supply of raw material. Some of our excess capacity was used to manufacture alloy that would ultimately be used in critical care ventilators.

Using information shared between sites across the world that were experiencing the peaks and troughs of the pandemic at different times, we had some ability to plan and prepare for a global spread of the virus. This helped us keep our business running and material moving throughout the year. All our staff can be proud that we have proved to be a reliable business partner to both our suppliers and customers when it has mattered most.

While we successfully sought to preserve our ability to supply, the economic crisis generally led to lower demand for metals across the globe, particularly during the middle of the year. In that context, our businesses focused particularly hard on risk management, improved efficiency, and continued investment for the future.



Our Trading Division was able to operate throughout the year, in part due to our investments in IT capabilities, and performed satisfactorily overall, with business posting profits at acceptable levels despite a weakening in demand from customers and a decrease in our risk appetite. Our broking business continued to enjoy demand for hedging services as industry participants looked to protect themselves from volatile markets.

We invested in a new venture, Brookside Metal Trading, which commenced trading in the second half of 2020 and achieved its first profitable month by year-end. We experienced an annual loss at William Rowland, on the back of very weakened aerospace markets in particular, a sector to which we had increased our exposure over previous years. Despite the challenges faced in 2020, William Rowland expects to continue to grow its exposure to the aerospace industry, and remains undeterred in building our capabilities to serve customers in that sector. All other businesses recorded a good or satisfactory profit during the year, notably our non-ferrous scrap trading business Sansing, that navigated conditions well throughout.

For our Industrial Division, self-isolation of affected individuals, government-mandated lockdowns and supply chain interruptions (in particular the UK Automotive sector) temporarily reduced our production capacity

in the UK, Australia and New Zealand. Despite this, the overall division result was good, helped in part by our continuous investment in productivity and efficiency programmes. CA Group recorded good results whilst our tin smelting facilities in Thailand returned to low levels of profitability. With the exception of Milver, which recorded a modest loss, the remaining industrial businesses posted profits at satisfactory levels.

With a number of businesses located in the UK, the Board has continued to monitor very closely the developments and uncertainties arising from the UK's exit from the European Union. The Board engaged with the unit management to analyse, plan and mitigate where possible against risks arising from these uncertainties. The eventual deal has preserved tariff-free access for goods meeting relevant rules of origin, which is likely to be an important supporting factor for UK manufacturing activities over the medium term, particularly in automotive and aerospace sectors to which we are exposed. Non-tariff barriers now exist, and this both presents a challenge for the market overall and an opportunity, particularly for our trading businesses, to be part of the solution. Our financial services businesses remain exposed to the eventual landscape yet to be determined for financial services. An eventual agreement may be driven by regulatory discussions as much as trade discussions and



uncertainty may persist for some time yet. However, given the specific and relatively unique nature of financial services provided, and the relatively small percentage of financial services business done with EU clients, our overall exposure here is limited.

Our liquidity position at the beginning of 2020 and our robust liquidity management framework benefited us in these times, providing the Group with resilience against economic turbulence and the ability to invest in organic growth and efficiency programmes. In 2020 we invested £6.6m in capital expenditure (2019: £9.6m), most notably at William Rowland who have relocated to a new state of the art facility on the M1 corridor near Sheffield, and at Willenhall for our new purpose-built non-ferrous metal recycling facility. Significant productivity and energy efficiency focused projects were also undertaken at Milver and Thaisarco. We continue to make targeted investments to improve efficiencies in order to sustain our future in competitive markets.

With metal prices and volumes recovering strongly towards the end of the year, our working capital requirements increased and the Group recorded a cash outflow. We ended the year with a net debt* position of £15.3m (2019: £66.5m net cash). Our strong balance sheet and access to liquidity through substantial undrawn facilities give us the agility to react to the right opportunities as they arise and resilience against the unexpected.

The COVID-19 pandemic looks likely to remain the dominant factor driving the global economy in 2021. We do not attempt to predict the rate or efficacy of vaccination programmes, nor rely on their rapid success. What we have done is take steps to ensure that the Group can reliably serve its customers and suppliers in 2021, even were we to experience another year like 2020. Yet, it has rarely been smart to bet against human endeavour or recovery. We have also positioned ourselves, through access to liquidity and through continued recruitment and investment, to take advantage of opportunities if and when they arise. We are committed to play our part in the global economic recovery. Our proudest achievement will be ensuring that our customers and suppliers look back on this period glad to have worked with us.

We hope and expect to emerge in a strong competitive position as the threat of the pandemic fades in time.

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 Sher
30 March 2021

*Net debt/net cash definition – please refer to “net funds” as per note 22 of this Annual Report.

In most of our markets,
**reliability remains a key
virtue.** This year gave us
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ourselves in that regard

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, a representative office in Shanghai and a newly established operation in Singapore. 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 recorded a satisfactory result despite the unavailability of open-outcry trading on the LME Ring owed to the COVID-19 restrictions.



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, up 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 profit in 2020, albeit below that achieved in 2019 as volumes traded decreased temporarily following the onset of the COVID-19 pandemic and lockdowns affected some customers and freight routes.



Amalgamet Canada

Amalgamet Canada comprises a metal trading operation and the marketing of specialty materials in North America. Amalgamet Canada 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 Asia, recorded another good performance in 2020, albeit posting a lower profit than in 2019, reflecting the impact of a temporary decrease in demand in global scrap markets following the onset of COVID-19 and regulatory changes in China.

WILLIAMROWLAND

INNOVATING SINCE 1830

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. As noted in our Annual Report for the year ending 31 December 2019, significant capital investment was made in 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.

On 12 February 2020, William Rowland Ltd acquired E.F. Westaway (“Westaway”). The business was rebranded in the year as William Rowland Metal Finishing. The business 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. Further details around the acquisition are disclosed in note 29 on page 68 of this Annual Report.

Both of these businesses recorded a loss in the year as their customer base, in particular those in the aerospace sector, were significantly impacted by the COVID-19 pandemic and related restrictions. Volumes and customer enquiries have started to improve in the last quarter of the year.



Brookside Metal Trading

In 2020 we completed the development of our non-ferrous metal recycling facility at the Willenhall site under the brand of **Brookside Metal Trading**. Our newly constructed site is purpose-built for the processing of scrap metal with suppliers' considerations at the forefront of its design. Merchant and recycling operations commenced in the second part of 2020 and we are well placed to assist our customers and suppliers in 2021 and beyond.



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.

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 2019 as well as process improvements in 2020 delivered good improvements in performance. We continue to work on these processes and capacity expansion with the aim of obtaining further efficiencies over the next two years to improve the return on capital employed.



CA Group

CA Group and **Vespol** in Australia, and **Consolidated Alloys** in 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 performed well in a challenging environment, posting a satisfactory profit. The New Zealand business, as in 2019, demonstrated good cost control through process improvements, added new products in its range and delivered a profit above that achieved in 2019.





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 and development to deliver innovative products, and working with customers to develop bespoke materials for specific applications. In the latter part of 2020 the business installed new equipment to manufacture some new high performance powders.

Keeling & Walker remained profitable, albeit at a lower level than 2019, as it confronted a reduction in global demand for its products serving the ceramics and glass markets due to the COVID-19 pandemic.



Milver Metal

Milver Metal, based at its site in Coventry, is a leading UK producer of aluminium and copper alloys. The company's customers range from producers of non-ferrous castings to major automotive companies. Milver's performance in the year was impacted by the UK automotive sector's temporary hibernation in the wake of the COVID-19 restrictions and subsequent supply chain issues. Despite this, the business continued to make progress in its operational and commercial processes and is well positioned to support its customers as they return to normalised levels of output in 2021 and beyond.



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. 2020, its third full year of production, saw the company return a satisfactory profit despite the challenges posed by COVID-19. The company can continue to remain optimistic about its prospects and has put in place capacity expansion plans.



Directors' Report

Directorate

The Directors of the Company are named on page 25. At the forthcoming Annual General Meeting, Mr Charles Rowan 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 amounted to £7,846,000 (2019: £12,013,000).

	2020	2019
	£'000	£'000
Preference dividends paid and accrued	130	130
Ordinary dividends: Interim paid	1,500	2,829
	1,630	2,959

Properties

The Directors are satisfied that the market value of freehold property assets is in line with the amount at which they are included 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 24-25.

Employee involvement

Refer to the s172(1) Statement on page 24.

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 applicable 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

There were no events after the reporting period which require disclosure.

Auditors

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.

Further, in accordance with Section 485 of the Companies Act 2006, a resolution proposing that RSM UK Audit LLP be reappointed will be put to the members at the upcoming Annual General Meeting.

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, 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 2020.

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.

This year, more so than others, as the COVID-19 pandemic impacted our employees' ways of working, it has been very important for our unit and departmental senior management, but also for the wider employee population, to engage and check in regularly with our colleagues who were, due to social-distancing restrictions, no longer working in a close-knit team environment.

There are many ways we engage with and listen to our people and 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. 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 spend considerable time with them to understand their needs and views and we use this knowledge to inform our decision-making.

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.

Our businesses and employees partner with local and national charities to raise awareness and funds for causes that matter to them and their communities. Further, in 2020 the Group established The AMC Financial Hardship Foundation (the “Foundation”). This is an exclusively charitable organisation regulated by the Charity Commission of England and Wales which has been established with the sole objective of preventing or relieving poverty or financial hardship among employees and former employees, and the dependants and local communities of employees and former employees, of Amalgamated Metal Corporation PLC and its associated companies, through the provision of grants.

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.

The Board is regularly updated on health and safety, environmental, legal and regulatory developments and takes these into account when considering future actions.

Capital allocation and long term decisions

Our Group comprises a number of businesses, all of which have extensive engagement with their own unique stakeholders as well as other businesses in the Group. The governance framework delegates authority for local decision-making at business unit level up to defined levels, which allows the individual businesses to take account of the needs of their own stakeholders in their decision-making. A consultative approach is encouraged so stakeholders' views are heard and considered when decisions are taken.

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 as expenditure needed to ensure our long term viability whilst maintaining adequate liquidity), the impact on the communities in which we operate, and our reputation.

Key decisions on capital allocation and developments in the financial year are detailed in our Strategic Report, pages 10 to 12 as well as in the sections contained on pages 14 to 20 in this Annual Report.

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



Energy and Carbon Report

Scope

As required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") we have included in this report the emissions of Amalgamated Metal Corporation PLC, Amalgamet Limited and William Rowland Limited, with the remaining Group business being exempt from reporting under the legislation.

As this is the first year the reporting requirements apply there is no comparative data.

Performance summary

Scope	2020	
	UK and offshore energy use (kWh)	Green House Gas emissions (tonnes CO ₂ e)
Natural gas	225,651	53
Electricity	184,958	37
Other fuels	104,694	24
Company and non-company cars	125,561	30
Total	640,864	144
kWh/ tCO₂e/ employee	9,155.2	2.1
kWh/tCO₂e/ £m of revenue	1,639.3	0.4

Our energy efficiency actions

- In late 2019 in our London Head Office, we installed LED lighting which is estimated to save on average of 8,600 kWh per annum.
- At William Rowland in 2020 we have
 - commenced trading from a new state of the art facility, which has a much better energy efficiency profile compared against the legacy buildings in the centre of Sheffield;
 - installed energy efficient timed lighting in both the warehouse and office building;
 - installed a modern energy efficient boiler;
 - replaced gas forklift trucks with electric vehicles.

Methodology

The above emissions were calculated in accordance with the requirements of the "Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019" and using the tables and conversion factors set out in the "2020 UK Government GHG Conversion Factors for Company Reporting".

On behalf of the Board:



D Sher
30 March 2021

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 25. 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.



Stephen Dempsey
Company Secretary
30 March 2021

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





2020 Accounts



Consolidated Income Statement Year ended 31 December

		2020	2019
	Notes	£'000	£'000
Turnover	4	799,863	888,816
Change in stocks of finished goods and work in progress		23,081	(13,191)
(Loss)/ profit on sale of tangible fixed assets		(14)	95
Other operating income		1,395	1,141
Total operating income		824,325	876,861
Operating costs	5	(811,327)	(858,169)
Profit from change in fair value of investment property		-	15
Profit from participating interests	14	371	639
Operating profit		13,369	19,346
Net interest expense	8	(612)	(991)
Changes in fair value of fixed asset investments		(25)	(138)
Other finance costs	9	(822)	(1,259)
Profit on ordinary activities before taxation		11,910	16,958
Tax on profit on ordinary activities	10	(2,567)	(3,536)
Profit for the financial year		9,343	13,422
Profit attributable to:			
Owners of the Parent		7,846	12,013
Non-controlling interests		1,497	1,409
		9,343	13,422

All activities of the Group are continuing.

The notes on pages 40 to 74 form part of these financial statements.

Consolidated Statement of Comprehensive Income Year ended 31 December

		2020	2019
	Notes	£'000	£'000
Profit for the financial year		9,343	13,422
Other comprehensive (loss)/ income			
Foreign exchange:			
Currency translation differences		(2,037)	(3,031)
Gains on cash flow hedge		-	102
		(2,037)	(2,929)
Actuarial (losses)/ gains on defined benefit pension scheme	23 e)	(19,946)	2,873
Movement on the valuation of Other Investments	14	(200)	-
Taxation in respect of other comprehensive income	10	4,628	85
Other comprehensive (loss)/ income for the year		(17,555)	29
Total comprehensive (loss)/ income for the year		(8,212)	13,451
Total comprehensive (loss)/ income for the year attributable to:			
Owners of the Parent		(9,348)	12,255
Non-controlling interests		1,136	1,196
		(8,212)	13,451

The notes on pages 40 to 74 form part of these financial statements.

Consolidated Balance Sheet At 31 December

		2020	2019
	Notes	£'000	£'000
Fixed assets			
Intangible assets	12	1,356	1,148
Tangible assets	13	30,378	26,325
Investments	14	3,504	3,469
		35,238	30,942
Current assets			
Stocks	15	148,841	125,196
Debtors	16	165,313	126,089
Cash at bank and in hand	22	90,610	95,768
		404,764	347,053
		440,002	377,995
Capital and reserves			
Called up share capital	17	19,214	19,214
Share premium account		2,558	2,558
Revaluation reserve		4,168	4,282
Profit and loss account		152,014	162,878
Equity attributable to the owners of the Parent Company		177,954	188,932
Non-controlling interests		8,634	7,498
Total equity		186,588	196,430
Provisions for liabilities	18	721	667
Creditors			
Amounts falling due within one year			
Bank loans and overdrafts	22	105,910	29,218
Other creditors	20	84,622	109,922
		190,532	139,140
Equity and liabilities excluding pension liability		377,841	336,237
Net defined benefit pension liability	23	62,161	41,758
		440,002	377,995

The notes on pages 40 to 74 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2021.



H Michie
Group Finance Director



D S Sher
Group Managing Director

Company Balance Sheet At 31 December

		2020	2019
	Notes	£'000	£'000
Fixed assets			
Tangible assets	13	237	298
Investments	14	272	272
		509	570
Current assets			
Debtors	16	142,185	137,307
Cash at bank and in hand		60,452	34,466
		202,637	171,773
		203,146	172,343
Capital and reserves			
Called up share capital	17	19,214	19,214
Share premium account		2,558	2,558
Profit and loss account		84,860	99,888
Total equity		106,632	121,660
Creditors			
Amounts falling due within one year:			
Bank loans and overdrafts		21,464	-
Other creditors	20	12,889	8,925
		34,353	8,925
Equity and liabilities excluding pension liability		140,985	130,585
Net defined benefit pension liability	23	62,161	41,758
		203,146	172,343

The notes on pages 40 to 74 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 2020 in the accounts of the Parent Company is £1,923,000. No dividend was received from its subsidiary, Amalgamated Metal Investment Holdings Ltd (2019: profit of £1,516,000; no dividend received).

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2021.



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 2020	19,214	2,558	4,282	162,878	188,932	7,498	196,430
Profit for the year	-	-	(24)	7,870	7,846	1,497	9,343
Foreign exchange:							
Currency translation differences	-	-	110	(1,786)	(1,676)	(361)	(2,037)
	-	-	110	(1,786)	(1,676)	(361)	(2,037)
Actuarial (losses) on the defined benefit pension scheme	-	-	-	(19,946)	(19,946)	-	(19,946)
Movement on the valuation of Other Investments (note 14)	-	-	(200)	-	(200)	-	(200)
Taxation in respect of other comprehensive income	-	-	-	4,628	4,628	-	4,628
Other comprehensive income for the year	-	-	(90)	(17,104)	(17,194)	(361)	(17,555)
Total comprehensive income for the year	-	-	(114)	(9,234)	(9,348)	1,136	(8,212)
Contributions by and distributions to owners							
Dividends (note 11)	-	-	-	(1,630)	(1,630)	-	(1,630)
At 31 December 2020	19,214	2,558	4,168	152,014	177,954	8,634	186,588

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 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 20% minority interest in Thaisarco from a variety of legacy investors. The purchase price 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.

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

The notes on pages 40 to 74 form part of these financial statements.

	2020 £'000	2019 £'000
Investment properties	303	303
Other freehold properties	3,113	3,020
Fixed asset investments	752	959
	4,168	4,282

Company Statement of Changes in Equity

	Share capital £'000	Share premium account £'000	Profit & loss account £'000	Total £'000
At 1 January 2020	19,214	2,558	99,888	121,660
Profit for the year	–	–	1,923	1,923
Actuarial (losses) on the defined benefit pension scheme	–	–	(19,946)	(19,946)
Gains on cash flow hedge	–	–	–	–
Taxation in respect of other comprehensive income	–	–	4,625	4,625
Other comprehensive income for the year	–	–	(15,321)	(15,321)
Total comprehensive income for the year	–	–	(13,398)	(13,398)
Contributions by and distributions to owners				
Dividends (note 11)	–	–	(1,630)	(1,630)
At 31 December 2020	19,214	2,558	84,860	106,632
At 1 January 2019	19,214	2,558	98,839	120,611
Profit for the year	–	–	1,516	1,516
Actuarial gains 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

The notes on pages 40 to 74 form part of these financial statements.

Consolidated Cash Flow Statement Year ended 31 December

		2020	2019
	Notes	£'000	£'000
Cash flows from operating activities			
Cash (outflow)/ inflow from operations	21	(68,610)	58,390
Interest received		748	1,105
Interest paid		(1,447)	(2,153)
Tax paid		(3,267)	(2,272)
Net cash (used in)/ generated from operating activities		(72,576)	55,070
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		56	301
Payments for tangible fixed assets		(6,430)	(9,712)
Investment in H.P. Metals		-	(78)
Acquisition of E.F. Westaway Limited		(307)	-
Net cash (used in) investing activities		(6,681)	(9,489)
Cash flows from financing activities			
(Decrease) in bank borrowings		(4,122)	(22,169)
Payments for shares in Escoy		-	(11)
Ordinary dividends paid	11	(1,500)	(2,829)
Preference dividends paid	11	(130)	(130)
Dividends/ capital redemption paid to non-controlling interests	11	(3,712)	(1,402)
Net cash used in financing activities		(9,464)	(26,541)
Net (decrease)/ increase in cash and cash equivalents		(88,721)	19,040
Exchange differences		2,587	699
Cash and cash equivalents brought forward		74,543	54,804
Cash and cash equivalents carried forward		(11,591)	74,543
Reconciliation of movement in cash and cash equivalents to movement in net funds			
Net (decrease)/ increase in cash and cash equivalents	22	(88,721)	19,040
Movements in other borrowings		4,122	22,169
Exchange differences		2,749	1,593
Movement		(81,850)	42,802
Net funds brought forward		66,550	23,748
Net funds carried forward		(15,300)	66,550

The notes on pages 40 to 74 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”) 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 2020 of the Company and all its subsidiary undertakings.

2.1 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 10, the COVID-19 pandemic looks likely to remain the dominant factor driving the global economy in 2021. This in turn may have negative consequences for our results and performance in 2021, however mitigating actions have been put in place. The Group has access to liquidity/ 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 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

Notes to the financial statements (continued)

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 five 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 AMC, 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.

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:

Notes to the financial statements (continued)

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.

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.

Notes to the financial statements (continued)

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.

(n) Current and deferred taxation

The tax expense for the year 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.

Notes to the financial statements (continued)

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.

(s) Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in "other operating income" within profit or loss in the same period as the related expenditure. This includes the UK Government's COVID-19 Job Retention Scheme ('Furlough').

A total of £624,000 was recognised in the year (2019: £nil) in relation to COVID-19 Job Retention Scheme (or similar schemes relating to entities outside of the United Kingdom).

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 3(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 £201,404,000 (2019: £187,363,000).

Notes to the financial statements (continued)

4. Turnover

	The Group	
	2020	2019
	£'000	£'000
Analysis by class of business		
AMC Trading	562,176	626,257
AMC Industrial	237,687	262,559
	799,863	888,816
Analysis of country by destination		
UK and Continental Europe	230,400	276,773
Far East and Australasia	487,503	504,420
Other	81,960	107,623
	799,863	888,816
Analysis by category of revenue		
Goods	772,497	858,571
Services	14,787	12,287
Commission	9,189	10,467
Other	3,390	7,491
	799,863	888,816

Notes to the financial statements (continued)

5. Operating costs

	The Group	
	2020	2019
	£'000	£'000
Raw materials, consumables and goods for resale	746,029	794,876
Other external charges	23,065	21,389
Staff costs:		
Wages and salaries	23,809	25,787
Social security costs	1,348	1,461
Pension costs: defined benefit scheme (note 23(d))	563	658
Pension costs: defined contribution schemes	1,258	1,222
Other pension costs	88	227
Amortisation of goodwill (note 12)	71	32
Depreciation of tangible fixed assets (note 13)	2,404	2,168
Audit fees payable:		
To the Company's auditor for the audit of the Company and consolidated accounts	99	95
To the Company's auditor and its associates for the audit of the Company's subsidiaries	266	264
To the Company's auditor and its associates for non-audit services:		
Audit related	15	15
Tax	-	3
United Kingdom charitable donations	9	3
Hire and rental charges under operating leases	1,732	1,687
Other operating charges	10,571	8,297
Total operating costs	811,327	858,169

	The Company	
Staff costs include the following amounts incurred by the Company:		
Wages and salaries	2,481	2,644
Social security costs	252	269
Pension costs: defined contribution scheme	51	52

Notes to the financial statements (continued)

6. Emoluments of Directors

	The Company	
	2020 £'000	2019 £'000
Payments to Directors:		
Aggregate emoluments	1,178	1,204
	2020 Number	2019 Number
Number of Directors for whom retirement benefits were accruing		
Defined benefit pension scheme	1	1
Defined contribution pension scheme	1	1
	2020 £'000	2019 £'000
Highest paid Director:		
Aggregate emoluments	435	448
The key management personnel are considered to be the Directors of the Company.		

7. Employees

	The Group	
	2020 Number	2019 Number
The average monthly numbers of persons employed during the year were:		
The Group		
AMC Trading	144	133
AMC Industrial	514	531
Central	26	26
	684	690
The Company	26	26

Notes to the financial statements (continued)

8. Net interest (expense)

	The Group	
	2020	2019
	£'000	£'000
Interest receivable	786	1,141
Interest payable:		
Bank loans and overdrafts repayable within five years	(1,398)	(2,132)
	(612)	(991)

9. Other finance costs

	The Group	
	2020	2019
	£'000	£'000
Net interest on net defined benefit pension liability (Note 23(d))	(822)	(1,259)

Notes to the financial statements (continued)

10. Tax on profit on ordinary activities

	The Group	
	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax	280	1,748
Overseas tax	3,168	1,481
Total current tax	3,448	3,229
Deferred tax (note 19)	(881)	307
Tax on profit on ordinary activities	2,567	3,536

The tax assessed for the year is lower (2019: higher) than the standard rate of tax noted below applied to profit before tax. The differences are explained below.

	The Group	
	2020	2019
	£'000	£'000
Profit on ordinary activities before tax	11,910	16,958
Tax on profit on ordinary activities at the standard rate of 21.6% (2019: 20.7%)	2,568	3,514
Effects of:		
Permanently disallowed items	114	128
Withholding taxes	50	52
Adjustments to prior period charges	(100)	(93)
Sundry	(65)	(65)
Total tax charge for the year	2,567	3,536

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 £4,628,000 (2019: credit of £85,000).

Notes to the financial statements (continued)

11. Dividends

	2020 £'000	2019 £'000
Ordinary shares: interim dividends paid of 8.87p per share (2019: 16.73p per share)	1,500	2,829
6.0% cumulative preference shares: dividends paid	54	54
5.4% cumulative preference shares: dividends paid	76	76
Attributable to owners of the Parent	1,630	2,959
To non-controlling interests	-	4,099
	1,630	7,058

During 2019 Sansing 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 2020	2,182	(577)	1,605
Additions through acquisition (note 29)	200	-	200
Exchange	136	3	139
At 31 December 2020	2,518	(574)	1,944
Amortisation:			
At 1 January 2020	830	(373)	457
Charge for the year	135	(64)	71
Exchange	57	3	60
At 31 December 2020	1,022	(434)	588
Net book amount: at 31 December 2020	1,496	(140)	1,356
Net book amount: at 31 December 2019	1,352	(204)	1,148

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 2020	335	11,563	627	1,435	31,246	9,492	5,671	60,369
Exchange	–	133	–	–	(101)	69	(16)	85
Additions	–	191	–	–	3,386	376	2,606	6,559
Arising on acquisitions	–	–	–	–	270	28	–	298
Transfers between categories	–	5,564	–	–	1,559	108	(7,231)	–
Disposals	–	(290)	–	–	(683)	(2,601)	–	(3,574)
At 31 December 2020	335	17,161	627	1,435	35,677	7,472	1,030	63,737
Depreciation:								
At 1 January 2020	–	2,056	285	511	23,270	7,922	–	34,044
Exchange	–	(23)	–	–	(94)	54	–	(63)
Charge for the year	–	266	13	63	1,567	495	–	2,404
Arising on acquisitions	–	–	–	–	166	21	–	187
Transfers between categories	–	–	–	–	(3)	3	–	–
Disposals	–	–	–	–	(622)	(2,591)	–	(3,213)
At 31 December 2020	–	2,299	298	574	24,284	5,904	–	33,359
Net book amount: at 31 December 2020								
	335	14,862	329	861	11,393	1,568	1,030	30,378
Net book amount: at 31 December 2019	335	9,507	342	924	7,976	1,570	5,671	26,325

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:

	2020 Investment property £'000	2020 Other freehold land and buildings £'000	2019 Investment property £'000	2019 Other freehold land and buildings £'000
Cost	50	10,483	50	10,200
Accumulated depreciation	(12)	(4,136)	(12)	(3,834)
	38	6,347	38	6,366

Investment property

Investment properties, which are all freehold, were revalued to fair value at 31 December 2020 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 2017. 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 (2019: £nil).

	Fixtures, fittings, tools and equipment £'000
The Company	
Cost:	
At 1 January 2020	2,939
Additions	26
Disposals – fully written off items	(2,118)
At 31 December 2020	847
Depreciation:	
At 1 January 2020	2,641
Charge for the year	87
Disposals – fully written off items	(2,118)
At 31 December 2020	610
Net book amount: at 31 December 2020	237
Net book amount: at 31 December 2019	298

	The Group		The Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Capital commitments:				
Amounts contracted	498	1,373	–	10

Notes to the financial statements (continued)

14. Fixed asset investments

	The Group	
	2020 £'000	2019 £'000
Associated companies:		
Shares in Alloys Metals and Ceramics Holdings (Pty) Ltd	674	705
Shares in The British Metal Corporation (India) Private Ltd	334	346
Shares in Scanmetals (UK) Ltd	896	593
	1,904	1,644
Other investments:		
LME Holdings Ltd "B" shares	1,600	1,800
Kasbah Resources Ltd	–	25
	3,504	3,469

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

	The Group	
	2020 £'000	2019 £'000
At 1 January	1,644	1,106
Investments in the year	–	76
Share of pre-tax profit from participating interests	371	639
Share of tax charges	(39)	(149)
Exchange	(72)	(28)
At 31 December	1,904	1,644

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.

Additionally, in 2020 the Group has invested £1.00 in McKenzies (Global Trading) Limited, a UK company, and holds a 29% beneficial interest.

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 £64 per share (2019: £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 at the balance sheet date. Changes in fair value are recognised in the income statement. There was a loss of £25,000 (2019: loss £138,000).

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

	The Company	
	2020	2019
	£'000	£'000
Shares in Group companies	272	272

15. Stocks

	The Group		The Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Raw materials and consumables	21,140	20,034	–	–
Work in progress	48,903	28,071	–	–
Finished goods	11,899	10,700	–	–
Goods for resale	66,899	66,391	–	–
	148,841	125,196	–	–

Notes to the financial statements (continued)

16. Debtors

	The Group		The Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Trade debtors	72,246	53,839	-	-
Due from LME Clear Ltd	42,282	38,186	-	-
Amounts owed by subsidiaries	-	-	127,039	127,342
Amount owed by parent company	-	10	-	-
Amounts owed by associate companies	890	800	574	800
Corporate taxation recoverable	152	1,570	-	-
Other debtors	16,874	9,319	837	881
Prepayments and accrued income	3,967	1,768	349	330
Derivative financial instruments	16,417	13,595	1,430	524
Deferred tax asset (note 19)	12,485	7,002	11,956	7,430
	165,313	126,089	142,185	137,307

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

Amounts owed by subsidiaries	-	-	15,460	15,515
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The cost of providing against or writing off trade and other debtors was £282,000 (2019: nil).

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

	The Group	
	2020 £'000	2019 £'000
Overdue by		
1-30 days	5,379	5,336
31-60 days	221	955
61-90 days	16	41
Over 90 days	64	187

Notes to the financial statements (continued)

17. Share capital

	The Company and The Group	
	2020 £'000	2019 £'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	
	2020 £'000	2019 £'000
Pensions and similar obligations	721	659
Deferred taxation (note 19)	-	8
	721	667

Notes to the financial statements (continued)

19. Deferred taxation

Movements on deferred tax	The Group	The Company
	£'000	£'000
At 1 January 2020: net asset	6,994	7,430
Profit and loss account	881	(99)
Other comprehensive income	4,625	4,625
Arising on acquisition	(14)	–
Exchange	(1)	–
At 31 December 2020: net asset	12,485	11,956

The above are reported in the balance sheet as:

	The Group		The Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Deferred tax asset	12,485	7,002	11,956	7,430
Deferred tax liability	–	(8)	–	–
	12,485	6,994	11,956	7,430
Analysis of net deferred tax assets				
Timing differences relating to:				
Pensions	11,811	7,099	11,811	7,099
Tangible fixed assets	(774)	(479)	–	3
Fixed asset investments	(235)	(306)	–	–
Accruals and other	1,683	680	145	328
	12,485	6,994	11,956	7,430

Potential deferred tax assets in various locations relating to tax losses amounting to £818,000 (2019: £820,000) 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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Other creditors falling due within one year:				
Trade creditors	45,370	57,610	132	152
Amount owed to holding company	1,561	82	1,557	68
Amounts owed to subsidiaries	-	-	7,734	5,262
Amounts owed to associates	-	71	-	-
Declared preference dividends	65	65	65	65
Minority interest dividends payable	386	4,098	-	-
Corporate taxation	1,099	2,298	317	359
Other taxation and social security	812	779	284	287
Accruals and deferred income	10,683	12,220	1,771	1,928
Derivative financial instruments	16,457	27,285	844	554
Other	8,189	5,414	185	250
	84,622	109,922	12,889	8,925

Notes to the financial statements (continued)

21. Cash flows from operating activities

	The Group	
	2020	2019
	£'000	£'000
Profit for the financial year	9,343	13,422
Adjustments for:		
Amortisation of goodwill	71	32
Depreciation of tangible fixed assets	2,404	2,168
Loss/ (profit) on disposal of tangible fixed assets	14	(95)
(Profit) from change in fair value of investment property	-	(15)
Loss on change in fair value of fixed asset investments	25	138
Defined benefit pension scheme service cost	563	658
Defined benefit pension scheme net interest cost	822	1,259
Defined benefit pension scheme contributions	(928)	(3,150)
(Profit) of associated companies	(371)	(639)
Taxation	2,567	3,536
Net interest expense	612	991
(Increase)/ decrease in stocks	(23,634)	39,433
(Increase)/ decrease in debtors	(34,712)	4,542
(Decrease)/ increase in creditors and other provisions	(20,475)	679
Exchange	(4,911)	(4,569)
Cash (outflow)/ inflow from operations	(68,610)	58,390

Notes to the financial statements (continued)

22. Movement in net funds

	31 December 2019 £'000	Exchange £'000	Increase in cash and cash equivalents £'000	Movements in other borrowings £'000	31 December 2020 £'000
2020					
Cash at bank and in hand	95,768	365	(5,523)	-	90,610
Borrowings on demand	(21,225)	2,222	(83,198)	-	(102,201)
Cash and cash equivalents	74,543	2,587	(88,721)	-	(11,591)
Other bank loans and overdrafts falling due within one year	(7,993)	162	-	4,122	(3,709)
Net funds	66,550	2,749	(88,721)	4,122	(15,300)

Included in cash at bank and in hand is unsegregated cash of £14,049,000 held by the Group's regulated financial services subsidiaries, which is not made available to other members of the Group (2019: £33,835,000).

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 2020 include £23,980,000 secured on the assets of the relevant Group companies (2019:

£15,541,000). An additional £17,929,000 (2019: £4,909,000) of bank loans and overdrafts relate to stocks that had been sold to banks in December 2020 with an agreement to repurchase the same stocks in January 2021.

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 2020 would have been £91,636,000 (31 December 2019 – £120,913,000) and the value of bank loans and overdrafts at 31 December 2020 would be £106,936,000 (31 December 2019 – £54,363,000).

Notes to the financial statements (continued)

22. Movement in net funds (continued)

	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

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 31 December 2019. This valuation showed

assets of £146.0 million and a technical funding shortfall of £9.6 million. Given the actuarial shortfall a recovery plan was agreed upon by the Company and the Trustees of the pension scheme, whereby the Company will contribute £1,839,000 annually from the calendar year 2021 to 2026. Further, the Company will contribute a minimum of £475,000 towards costs relating to the running of the scheme and 35.9% of annual pensionable salaries of active members to cover service costs. Voluntary contributions of £928,000 were made in the year by the Company (2019: £3,150,000).

For the purposes of these financial statements, this preliminary actuarial valuation has been updated to 31 December 2020 by the same qualified independent actuary. The major assumptions used by the actuary were:

	2020 %	2019 %
Price inflation per annum – RPI	2.60	2.86
Price inflation per annum – CPI	2.10	2.06
Pensionable salary increases per annum	2.35	2.31
Pension increases per annum	2.09 – 3.46	2.06 – 3.54
Deferred pension increases per annum	2.09 – 2.60	2.06 – 2.86
Discount rate	1.40	1.94

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 S3PA table (2019: S2PA table) with future improvement in line with the CMI 2019 projection basis (2019: CMI 2018) with a 0.5% long- term improvement rate.

	2020 Years	2019 Years
Life expectancy for current pensioners:		
Men	86	86
Women	89	88
Life expectancy for future pensioners:		
Men	87	86
Women	89	88

Notes to the financial statements (continued)

23. Pensions (continued)

	2020 £'000	2019 £'000
(a) Net defined benefit liability		
Equities	56,180	45,335
Multi asset/ Bond funds	35,220	31,044
Property and infrastructure	28,306	44,105
Targeted return and hedge funds	11,188	23,018
Cash	8,349	2,103
Fair value of scheme assets	139,243	145,605
Defined benefit obligation	201,404	187,363
Net defined benefit liability	62,161	41,758
(b) Changes in the fair value of scheme assets		
Brought forward	145,605	134,007
Interest income on scheme assets	2,755	3,687
Experience (losses)/ gains on scheme assets	(3,552)	11,938
Contributions paid by employer	928	3,150
Benefits paid	(6,493)	(7,177)
Carried forward	139,243	145,605

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 loss of £797,000 (2019: gain of £15,625,000).

Notes to the financial statements (continued)

23. Pensions (continued)

	2020 £'000	2019 £'000
(c) Changes in the defined benefit obligation		
Brought forward	187,363	179,871
Current service cost	544	658
Past service cost (below)	19	–
Interest cost	3,577	4,946
Actuarial losses	16,394	9,065
Benefits paid	(6,493)	(7,177)
Carried forward	201,404	187,363

The past service cost recorded in 2020 arises following a further UK court ruling in November 2020 in relation to Guaranteed Minimum Pensions (GMP's). The ruling established that schemes have a duty to pay top-ups to historic transfer values paid (plus interest) where the payment in respect of GMPs was not on a sex-equalised basis.

A review of the impact on the scheme of this and previous rulings in relation to GMP, 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.

	2020 £'000	2019 £'000
(d) Amounts recognised in the consolidated income statement		
Included in operating costs:		
Current service cost	544	658
Past service cost	19	–
	563	658
Included in other finance costs:		
Net interest cost	822	1,259
(e) Amounts recognised in the consolidated statement of comprehensive income		
Actual return less interest income included in net interest cost	(3,552)	11,938
Experience (losses) arising on scheme liabilities	(2,751)	(2,212)
Changes in the assumptions underlying the present value of scheme liabilities	(13,643)	(6,853)
Net (losses)/ gains	(19,946)	2,873

Notes to the financial statements (continued)

24. Contingent liabilities

	2020 £'000	2019 £'000
Guarantees issued by the Company in respect of subsidiaries' obligations:		
Bank borrowings of subsidiaries	74,348	27,371
Bank set-off arrangements for borrowings of UK subsidiaries	944	721
Bank borrowings of associate companies	188	193

25. Commitments under operating leases

	The Group		The Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
At 31 December, future minimum lease payments under non-cancellable operating leases were as follows:				
Not later than one year	1,527	1,699	852	860
Later than one and not later than five years	3,756	4,751	2,556	3,421
Later than five years	2,914	3,274	–	–
	8,197	9,724	3,408	4,281

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 2020, sales from wholly owned group companies to non-wholly owned group companies totalled £248,000 (2019 – £8,018,000). Purchases by wholly owned group companies from non-wholly owned group companies totalled £3,536,000 (2019 – £8,832,000).

Rent charged by wholly owned group companies to non-wholly owned group companies totalled £37,000 (2019 – £nil).

Interest charged by wholly owned group companies to non-wholly owned group companies totalled £32,000 (2019 – £53,000). Interest paid by associates to group companies totalled £19,000 (2019 – £30,000).

At the balance sheet date, amounts due from wholly owned group companies to non-wholly owned group companies totalled £235,000 (2019 – £18,000). Amounts due to wholly owned group companies from non-wholly owned group companies totalled £4,293,000 (2019 – £1,235,000). 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 £2,951,000 (2019 – £82,000). Forward contract balances due from wholly owned group companies to non-wholly owned group companies totalled £nil (2019 – £11,000). These amounts have been eliminated on consolidation.

Notes to the financial statements (continued)

Balances due to/from associates are disclosed separately in notes 16 and 20. Included in these amounts are loans receivable from associates of £500,000 (2019: £800,000) maturing within one year and bearing an interest rate of 2.12% (2019: 2.83%).

Rent and property costs charged to associates amounted to £618,000 (2019: £311,000).

Please refer to note 24 for guarantees issued by the Company in relation to bank borrowings of associate companies.

27. Events after the reporting period

There were no events after the reporting period which require disclosure.

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	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash at bank and in hand	90,610	95,768	60,452	34,466
Financial assets measured at fair value through profit or loss	18,017	15,420	1,430	524
Financial assets that are debt instruments measured at amortised cost	132,292	102,154	128,450	129,024
Financial liabilities measured at fair value through profit or loss	16,457	27,285	844	554
Financial liabilities measured at amortised cost	162,293	97,337	31,421	6,084

Notes to the financial statements (continued)

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 represent 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.

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 2021 that qualify as cash flow hedges against highly probable forecasted transactions in US dollars. The fair value of these options at 31st December 2020 was £nil (2019: £nil) with £nil recognised as a profit in other comprehensive income (2019: profit of £102,000).

(b) Operating income and forward profits and losses

Operating income includes net gains of £4,190,000 (2019: £8,828,000) on trading terminal market contracts by AMT and foreign exchange contracts by AMC. Operating income includes £309,000 of forward profits (net of losses) arising in AMT (2019: £3,602,000 losses net of profits). These profits and losses are included in trade debtors and trade creditors as appropriate.

(c) Market risk and sensitivity

At 31 December 2020, a 1% change in market prices would have resulted in a change of

£242,000 (2019: £933,000) 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 2020, a 1% change in market prices would have resulted in a change of £530,000 (2019: £159,000) 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 £340 (2019: £337) in the market value of AMC London Treasury's net foreign exchange positions with all parties.

(d) Credit risk

At 31 December 2020, the Group's exposure to credit risk, without taking account of credit enhancements described on page 23, 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 in note 28(a) above.

(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.

Notes to the financial statements (continued)

29. Business combinations

Acquisition of E.F. Westaway Limited

On 12 February 2020 the Group acquired the entire share capital of E.F. Westaway Limited ('Westaway').

Westaway offers a range of chemical finishing processes for exotic metal components including pickling, etching, passivation and ceramic core removal. It serves several

industries requiring high integrity inspection, including auto sport, energy, automotive, and aerospace and defence.

In calculating the goodwill arising on acquisition, the fair value of net assets of E.F. Westaway Limited as at the acquisition date have been assessed and adjustments from book value have been made where necessary.

	Book values £'000	Adjustments £'000	Fair value £'000
Fixed assets – tangible	175	(64)	111
Current assets			
Stocks	11	–	11
Debtors	117	–	117
Cash at bank and in hand	707	–	707
	835	–	835
Total assets	1,010	(64)	946
Creditors			
Due within one year	(137)	(9)	(146)
Deferred tax on differences between fair value and tax bases	–	14	14
	(137)	5	(132)
Net assets acquired			814
Goodwill (note 12)			200
Purchase consideration (including expenses of £5,000), settled in cash			1,014
Purchase consideration settled in cash, as above			(1,014)
Cash and cash equivalents in subsidiary acquired			707
Cash outflow on acquisition			(307)

The decrease in tangible fixed assets is attributable obsolete assets as at the date of acquisition. The increase in liabilities is in relation to contingent liabilities recognised on acquisition.

The useful economic life of goodwill has been estimated to be 5 years. Since the acquisition date, Westaway has contributed £288,000 to Group turnover and recorded a loss of £43,000.



Subsidiaries and operating units

Notes to the financial statements (continued)

Company	Registered Office and country of incorporation	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 (Members' Voluntary Liquidation initiated in September 2020)	51-11-E2 Jalan, Sultan Ahmad Shah, Menara BHL, 10050, Penang, Malaysia	Investment holding company	N Ariff	Ordinary	54.85%

Notes to the financial statements (continued)

Company	Registered Office and country of incorporation	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	J Proudlock	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%
Amalgamated Metal Trading (Singapore) Pte Ltd	Centennial Tower, 3 Temasek Avenue, Level 18, Singapore 039190	Metals, concentrates and minerals trading and brokering	J Chew	Ordinary	100%
Amalgamet Canada LP	Suite 1001, 60 Yonge St, Toronto, ON, M5E 1H5, Canada	Metals, concentrates and minerals trading	H Michie	Ordinary	100%

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

* Division of Amalgamated Metal Corporation PLC

Company	Registered Office and country of incorporation	Main Activities	General Manager	Class of shares owned	Proportion of class owned
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%

Notes to the financial statements (continued)

Company	Registered Office and country of incorporation	Main Activities	General Manager	Class of shares owned	Proportion of class owned
Milver Metal Trading Ltd	55 Bishopsgate, London, EC2N 3AH, UK	Trade of scrap and recycled non-ferrous metals	H Michie	Ordinary	58%
William Rowland Ltd	Unit 4, Enterprise Way, Tankersley, Yorkshire, S75 3DZ, UK	Marketing non-ferrous metals, ferro-alloys and metal powders	R Lowe	Ordinary	100%
William Rowland Metal Finishing Limited	Arden Works, Jessell Street, Sheffield S9 3HY, UK	Chemical metal finishing processes	R Lowe	Ordinary	100%
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%

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%
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%

Notes to the financial statements (continued)

Company	Registered Office and country of incorporation	Main Activities	General Manager	Class of shares owned	Proportion of class owned
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, UK	Recycling of non ferrous metals	A King / J Esteves	Ordinary	33.3%
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%

Notes to the financial statements (continued)

Company	Registered Office and country of incorporation	Main Activities	General Manager	Class of shares owned	Proportion of class owned
The British Metal Corporation (South Africa) Proprietary Limited	1 Dormehl Street, Anderbolt Boksborg, Gauteng, South Africa	Investment holding company		Ordinary	24.5%
Ceramic and Alloy Specialists Proprietary Limited	1 Dormehl Street, Anderbolt Boksborg, Gauteng, South Africa	Metals, concentrates and minerals trading		Ordinary	50%
Ceralcast PTY Ltd	1 Dormehl Street, Anderbolt Boksborg, Gauteng, South Africa	Metals, concentrates and minerals trading		Ordinary	50%
McKenzies (Global Trading) Limited	76-86 Duncrue Street, Belfast, Northern Ireland, BT3 9AR	Metals, concentrates and minerals trading		Ordinary	29%

The companies listed on pages 70 to 74 are wholly owned, including voting rights, unless otherwise shown.



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 2020 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 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 of the Parent Company's affairs as at 31 December 2020 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's 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 contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 28, 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

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

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.

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and Parent Company operates in and how the Group and Parent Company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations

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

that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities where applicable.

The most significant laws and regulations that have an indirect impact on the financial statements are the rules and principles set by the Financial Conduct Authority (FCA), as regulator for the financial services industry in the UK. For those Group companies that are regulated by the FCA, we performed audit procedures to inquire of management and those charged with governance whether the Company is in compliance with these laws and regulations. We inspected compliance documentation, including but not limited to, internal procedures' manuals, risk and breaches registers, regulatory returns and correspondence with the FCA as well as considering compliance with the conditions for authorisation and other regulatory obligations.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to any significant, unusual transactions and transactions entered into outside the normal course of business.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the consolidated financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by

a component auditor were considered in our Group audit approach.

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

Use of our report

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

RSM UK Audit LLP

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

25 Farringdon Street, London EC4A 4AB
31 March 2021

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-second Annual General Meeting of Amalgamated Metal Corporation PLC will be held at the offices of the Company, 55 Bishopsgate, London, EC2N 3AH on 19 May 2021 at 10.00am for the following purposes:

Ordinary resolutions

To consider and, if thought fit, approve the following resolutions that will be proposed as ordinary resolutions:

1. To receive and adopt the Group Managing Directors' Strategic Report, the Directors' Report and Financial Statements for the financial year ended 31 December 2020 (Resolution Number 1).
2. To re-appoint Charles Rowan who is retiring by rotation in accordance with the Company's articles of association (Resolution Number 2).
3. To re-appoint RSM UK Audit LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the Company at which audited accounts are laid and to authorise the directors to fix their remuneration (Resolution Number 3).

A shareholder is entitled to appoint another person as that shareholder's proxy to exercise all or any of that shareholder's rights to attend and to speak and vote at the meeting. A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy does not need to be a shareholder of the Company.

By Order of the Board



Stephen Dempsey
Company Secretary
30 March 2021

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

Amalgamated Metal Trading (Singapore) Pte Ltd
Centennial Tower, 3 Temasek Avenue, Level 18, Singapore 039190
www.amt.co.uk

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

55 Bishopsgate London EC2N 3AH
United Kingdom
www.amalgamet.co.uk

Brookside Metal Trading Ltd

28 Bilston Lane, Willenhall, WV13 2QE
United Kingdom
www.brooksidemetals.com

William Rowland Ltd

Unit 4, Enterprise Way, Tankersley, Yorkshire, S75 3DZ, United Kingdom
www.william-rowland.com

William Rowland Metal Finishing Limited

Arden Works, Jessell Street, Sheffield, S9 3HY
United Kingdom
www.wrmetalfinishing.co.uk

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.dlmwallace.co.nz

Vespol Pty Ltd

PO Box 12-387
Ingleburn, NSW 2565 Australia

www.vespol.com.au

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.com

Scanmetals (UK) Ltd

28 Bilston Lane, Willenhall, WV13 2QE
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.

AMC

55 Bishopsgate
London EC2N 3AH
United Kingdom
amcgroup.com