

Spartan UK Limited  
Annual report and financial statements  
for the year ended 31 December 2023

**Registered number 04140355**

Spartan UK Limited

Annual report and financial statements

for the year ended 31 December 2023

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# Spartan UK Limited

## Strategic report for the year ended 31 December 2023

### Business review and future developments

The results for the year are set out in the statement of comprehensive income on page 10. Revenue decreased by 19.6% compared to 2022 to £164.5 million (from £204.7m). The volume of Spartan's plate sales decreased following a fall in demand for the second half of the year. A profit of £4.5 million was recorded for the year, a decrease from a profit of £11.0 million in 2022.

The balance sheet at 31 December 2023 shows a decrease in net assets by £15.6m, considering dividends declared in December 2023 amounting to £20m and a net profit amounting to £4.5m.

The directors are satisfied with the development of the business, which has performed very well in difficult market conditions.

During 2022 the war in Ukraine disrupted the supply of raw materials to both Spartan and other European re-rollers who were supplied by the Metinvest Group.

Since its primary supply route was cut off Spartan has successfully sourced its raw materials from third party suppliers to maintain normal operations. This is seen as a sustainable solution in the medium to long term.

The market disruption to raw material supply has seen the price increase significantly during 2022. However the selling price of the finished product has also increased in line with this so that satisfactory margins have been maintained.

In 2023 Spartan have experienced a fall in demand and raw material cost. During 2024 Spartan are expecting continued demand across the markets. It is anticipated that customers will favour Spartan's supply during this year as the short lead times minimise their risks during this period.

### Key performance indicators (KPIs)

The company relies on different key performance indicators at an operational level. Such KPIs are used by the management team to monitor performance on a regular basis and are monitored by Metinvest Group, to which the company belongs.

The main KPI used is the price per ton which was on average £756 during 2023 (2022: £975). Production volume improved to 195kt (2022: 187kt) as markets settled following the start of the Ukrainian war in 2022. Along with the improved financial position of the company, cash balances have remained strong throughout the year with an average cash balance of £25.3m (2022: £21.7m). Carbon emissions per tonne remained constant at 0.11tCO<sub>2</sub>eq (2022: 0.11tCO<sub>2</sub>eq) and gas efficiency dropped slightly to 47.8m<sup>3</sup>/t (2022: 47.4m<sup>3</sup>/t).

Other KPIs used by the entity are revenue and net assets, performance relating to these has been documented per the business review and future development section.

### Section 172 Companies Act 2006

The directors must act in a way they consider would be most likely to promote the success of the company for the benefit of its members as a whole and in doing so have regard to the matters set out in Section 172(1).

These are set out below:

# Spartan UK Limited

## Strategic report for the year ended 31 December 2023 – continued

### Section 172 Companies Act 2006 (continued)

#### 1. Long term consequences:

The company continues to make both investment and operational decisions for the long term future. The company has invested in best available technology on several heating furnaces to both reduce the specific energy consumption and meet current and future environmental standards.

#### 2. Interest of Employees:

A comprehensive employee engagement scheme is in place and the company has invested in a new Training and Development platform as part of its ongoing commitment.

#### 3. Supplier and Customer relationships:

The company fosters strong relationships with both its customers and suppliers, including long term strategic relationships where appropriate. These have been developed over a number of years, based on mutual trust and understanding, and provide a firm foundation for the long term health of the business.

#### 4. Impact on the Community and Environment:

The company recognises that its operations have the potential to impact both the local community and the environment. The company has put in place operational practices to minimise the impact on both and has invested in technology to further minimise the overall environmental impact.

#### 5. High Standards of Business Conduct:

The company is guided by the ultimate parent company (Metinvest B.V.) Code of Ethics to maintain high standards of business conduct in all areas of operation. All employees are regularly trained in the requirements and expectations of the code.

#### 6. Act fairly between shareholders:

The company is wholly privately owned so there are no diverse or external interests of shareholders. There were no principal decisions made in the year.

There is an ongoing program of employee engagement activities which includes a weekly briefing on the performance of the business.

There is a Corporate employee engagement survey undertaken every 2 years with results published and analysed for areas of improvement.

#### **Principal and financial risks**

The directors have carefully considered the principal risks and uncertainties facing the business. These include:

## Strategic report for the year ended 31 December 2023 - continued

### Principal and financial risks (continued)

#### *Market risks*

- Selling prices and volumes - The key to success is to leverage the company's position through the premium which its service offering demands. Spartan UK Limited has a well dispersed customer base with no single customer accounting for a significant portion of the business. Equally the business is well spread geographically and across sectors. This spread of business minimises the risks arising from the loss of business in any one area. In 2023 this positioning has been vital to maintaining the level of business achieved.
- Raw material prices – The company is exposed to fluctuations in the price of raw materials. The management manage this risk through monitoring prices and adjusting purchases of raw materials accordingly. Strict control and limiting of raw material stocks also mitigate the risks. The company has been exposed to supply risk due to the war in the Ukraine which has disrupted its main source of raw materials. The management have reacted quickly to secure alternative supply from a number of other European sources. These have been secured on short lead times which minimises exposure to price and exchange rate fluctuations in the market.
- Currency rates – The company faces transactional exchange rate risk from its foreign currency dealings and translational exchange rate risk from its monetary assets and liabilities. Whilst it seeks to minimise its transactional exchange rate risk by both buying and selling in the same currency, the directors recognise that its monetary assets and liabilities are exposed to adverse rate movements.
- Interest rates – The company is exposed to interest rate risk on factoring arrangements. This is managed through the Central Treasury Function for the European Re-rolling Business Unit, of which Spartan is a part of. The directors do not consider the risk to be significant.

#### *Liquidity risk*

The company's cash position has increased at the end of the year. The liquidity risk is managed by the Central Treasury Function for the European Re-rolling Business Unit. The directors do not consider that the company is exposed to significant liquidity risk.

#### *Credit risk*

The directors do not consider that the company is exposed to significant bad debt risk due to its well dispersed customer base. Customer credit levels and outstanding debts are monitored to identify any potential credit risks. The extensive use of credit insurance and factoring arrangement mitigates this credit risk further.

#### **Covid-19 Impact**

The impact of Covid 19 on the business in 2023 was minimal. Business continued as normal with suitable precautions taken to protect those employees on site. Some administrative functions worked from home as appropriate. No disruption is anticipated in 2024.

On behalf of the Board



I Dankova  
**Director**

June 26 2024

# **Spartan UK Limited**

## **Directors' report for the year ended 31 December 2023**

The directors present their report and audited financial statements of the company for the year ended 31 December 2023.

### **Registered office**

The company's registered office and principal place of business is Ropery Road, Teams, Gateshead, Tyne and Wear, England. NE8 2RD.

### **Principal activities**

The principal activity of the company is that of a steel rolling mill producing hot rolled steel plates. The company is classified as a re-roller, converting and adding value to purchased steel slabs. The company's principal customers are end-users, service centres and stockists in the UK, mainland Europe and Scandinavia. The cornerstones of the business model are short lead times, delivery accuracy and quality. For this service Spartan UK Limited charges a premium.

### **Proposed dividend**

The directors do not recommend a dividend based on 2023 financial results, a dividend of £20m in relation to the prior period results was declared in December 2023 (2022: £nil).

### **Qualifying third-party indemnity provisions**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. This was in place throughout the year and continues to be in place at the date of the approval of these financial statements.

### **Directors**

The directors who held office during the year and up to the date of signing this report were as follows:

I Dankova

V Dembytskyy – resigned 31st January 2023

D Nikolayenko – appointed 1st February 2023

### **Financial risk management**

Information in relation to the company's financial risk management is set out in note 2.

### **Future developments**

The future developments are disclosed in the Strategic report on page 1.

# Spartan UK Limited

## Directors' report for the year ended 31 December 2023 – continued

### Environmental Reporting

As a significant consumer of natural resources the company understands its responsibilities in minimizing its impact on the environment. The company has implemented policies, procedures, and goals to achieve this aim.

The company carries out activities on the Gateshead site in line with all aspects of its Emissions Permit and reports annually on its resource usage and waste through the Integrated Pollution Prevention and Control regulations (IPPC) both of which are regulated by the Environment Agency.

The company operates an Environmental Management System complying with the requirements of ISO14001 and is certified to BES6001 for sustainable and responsible resourcing.

The company continually strives to minimize its environmental impact where possible through targeted investment in best available technologies and efficient process control. This has included the recent installation of state-of-the-art energy efficient burners on new reheating furnaces and retrofitting them to existing installations. This has resulted in reduced emissions of CO<sub>2</sub> and NO<sub>x</sub> per tonne of product and lower overall gas consumption.

By modifying and optimizing existing equipment the company has reduced the use of fresh water by over 60% per tonne of product in recent years. Ongoing improvements in areas such as compressed air leakage reduction and electric motor control optimization have also contributed to a reduction of overall energy usage and emissions.

In 2019 the company took part in phase 2 of the ESOS scheme with energy saving measures identified being undertaken as a result.

### Carbon:

The company has operated under the EU ETS scheme and UK ETS scheme for carbon emissions for a number of years. In line with the UK Government's Environmental Reporting Guidelines (2013) the company's energy usage and carbon emissions are set out below as required.

	2023	2022
Carbon emissions (measured in tonnes of CO <sub>2</sub> equivalent – tCO <sub>2</sub> eq)		
Scope 1 emissions – combustion of gas, fuels and business travel	20,004	18,893
Scope 2 emissions – electricity consumed for own use	1,712	1,544
Intensity Ratios (tCO <sub>2</sub> eq by reference to other business metrics)		
Per tonne of plate produced	0.11	0.11

Methodology – GHG Reporting Procedures – Utility bills and delivery invoices.

Conversion factors – UK Government GHG Conversion factors for Company Reporting

### Independent Auditors:

Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the company on 29 November 2023.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

## Directors' report for the year ended 31 December 2023 – continued

### Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board



I Dankova  
**Director**

June 26 2024



# Spartan UK Limited

## Independent auditors' report to the members of Spartan UK Limited

### Opinion

We have audited the financial statements of Spartan UK Limited (the 'company') for the year ended 31 December 2023 which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity 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 Financial Reporting Standard 101 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

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

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

We have nothing to report in this regard.

# **Spartan UK Limited**

## **Independent auditors' report to the members of Spartan UK Limited - continued**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or • certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

# Spartan UK Limited

## Independent auditors' report to the members of Spartan UK Limited - continued

### Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

We identified the following applicable laws and regulations as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included: · Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;

- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### 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.



**Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)**

**For and on behalf of Azets Audit Services Limited**

Chartered Accountants & Statutory Auditor

Bulman House

Regent Centre

Gosforth

Newcastle upon Tyne

NE3 3LS

**Date: 29 June 2024**

# Spartan UK Limited

## Statement of comprehensive income for the year ended 31 December 2023

	Note	2023 £	2022 £
<b>Revenue</b>	3	<b>164,531,818</b>	204,672,855
Cost of sales	4	<b>(143,773,463)</b>	(177,433,031)
<b>Gross profit</b>		<b>20,758,355</b>	27,239,824
Distribution costs	4	<b>(7,497,274)</b>	(8,407,694)
Administrative expenses	4	<b>(5,396,635)</b>	(3,885,680)
Other operating expenses	4	<b>(208,557)</b>	(243,322)
<b>Operating profit</b>		<b>7,655,889</b>	14,703,128
Finance income	8	<b>66,108</b>	3,540
Finance costs	9	<b>(1,847,158)</b>	(1,195,275)
<b>Profit before income tax</b>		<b>5,874,839</b>	13,511,393
Income tax (charge)	10	<b>(1,412,144)</b>	(2,512,271)
<b>Profit for the year</b>		<b>4,462,695</b>	10,999,122
<b>Total comprehensive profit for the year</b>		<b>4,462,695</b>	10,999,122

All amounts above relate to continuing operations.

# Spartan UK Limited

## Balance sheet as at 31 December 2023

	Note	2023 £	2022 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	8,431,085	9,518,358
Right of use assets	23	405,436	263,886
Intangible assets	12	3,181	5,090
Investments	13	7	7
		<b>8,839,709</b>	<b>9,787,341</b>
<b>Current assets</b>			
Inventories	14	35,324,066	31,659,399
Trade and other receivables	15	39,866,311	66,282,589
Cash and cash equivalents	16	42,538,034	10,488,496
Current income tax asset	18	1,319,555	1,166,884
		<b>119,047,966</b>	<b>109,597,368</b>
<b>Total assets</b>		<b>127,887,675</b>	<b>119,384,709</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	86,724,064	62,669,152
		<b>86,724,064</b>	<b>62,669,152</b>
<b>Non-current liabilities</b>			
Creditors: amount falling due after more than one year	19	428,089	257,544
Deferred tax liability	20	1,291,193	1,476,379
		<b>1,719,282</b>	<b>1,733,923</b>
<b>Total liabilities</b>		<b>88,443,346</b>	<b>64,403,075</b>
<b>Equity</b>			
Ordinary shares	21	2,500,000	2,500,000
Retained earnings		36,944,329	52,481,634
<b>Total equity</b>		<b>39,444,329</b>	<b>54,981,634</b>
<b>Total equity and liabilities</b>		<b>127,887,675</b>	<b>119,384,709</b>

These financial statements on pages 10 to 40 were approved by the Board of directors on June 26, 2024 and were signed on its behalf by:

I Dankova

**Director**

Registered number: 04140355

# Spartan UK Limited

## Statement of cash flows for the year ended 31 December 2023

	Note	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	25	35,770,269	1,892,914
Corporation tax paid		(1,750,000)	(3,687,982)
Interest paid	9	(1,847,158)	(1,195,275)
<b>Net cash generated from operating activities</b>		<b>32,173,111</b>	<b>(2,990,343)</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	11	(189,681)	(1,388,187)
Purchases of intangible assets		-	(5,726)
Interest received	8	66,089	3,309
Dividend received	8	19	231
<b>Net cash used in investing activities</b>		<b>(123,573)</b>	<b>(1,390,373)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>32,049,538</b>	<b>(4,380,716)</b>
Cash and cash equivalents at beginning of year		10,488,496	14,869,212
<b>Cash and cash equivalents at end of year</b>	16	<b>42,538,034</b>	<b>10,488,496</b>

## Spartan UK Limited

### Statement of changes in equity for the year ended 31 December 2023

	Ordinary shares £	Retained earnings £	Total equity £
At 1 January 2022	2,500,000	41,482,512	43,982,512
Profit for the year and total comprehensive income	-	10,999,122	10,999,122
At 31 December 2022	2,500,000	52,481,634	54,981,634
Profit for the year and total comprehensive income	-	4,462,695	4,462,695
Dividends	-	(20,000,000)	(20,000,000)
<b>At 31 December 2023</b>	<b>2,500,000</b>	<b>36,944,329</b>	<b>39,444,329</b>

## Notes to the financial statements for the year ended 31 December 2023

### 1 Accounting policies

Spartan UK Limited is a private limited company, limited by shares, which is incorporated and domiciled in England in the United Kingdom. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of preparation**

These financial statements have been prepared in accordance with UK-adopted international accounting standards and the Companies Act 2006. The financial statements have been prepared on the going concern basis and under the historical cost convention. A summary of the more important accounting policies is set out below together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

#### **Going concern**

These accounts are prepared on a going concern basis, after making reasonable enquiries including consideration of cash flow forecasts, the directors are comfortable with this basis of preparation. Due to the war in the Ukraine, the company has seen a disruption to its raw material supply but has been able to secure supply from alternative sources within the UK and Europe. The company has prepared cash flow forecasts for 12 months from date of approval of these financial statements. These show that the company is able to remain profitable and maintain sufficient liquidity for a period of at least 12 months. The company maintains an independent factoring facility and is also not a guarantor to any group liabilities.

#### **Revenue**

Revenue comprises the fair value of the consideration received or receivable from the sale of carbon steel plates, and is stated net of value added tax and other discounts. In accordance with IFRS 15 Revenue from Contracts with Customers the company follows a 5-step process to determine whether to recognise revenue:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to its performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

All revenue for the company is recognised at a point in time upon satisfaction of the performance obligation which is when control passes to the customer i.e. on despatch or delivery of goods to customers depending on contracted terms with the customer, this is not necessarily the same as the time of payment for the goods. There are no warranties or obligations. Payment terms are generally standard depending on the particular geographical market.



## Notes to the financial statements for the year ended 31 December 2023 - continued

### 1 Accounting policies (continued)

The transaction price is based on the company price list, with additional prices for delivery and additional products if required. There is no variable consideration in customer contracts. The company considers the value of returns, refunds and similar obligations to be not significant based on historical information and experience.

#### Foreign currencies

Items included in the financial statements are recorded in sterling, which is considered to be the functional and presentational currency. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the statement of comprehensive income.

#### Intangible assets and amortisation

Intangible assets (software licences) are held at cost less accumulated amortisation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. They are amortised to £nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, of 3 years. Amortisation is charged to the statement of comprehensive income within administrative expenses.

#### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on a straight line basis to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows. The residual values and useful lives of the assets are reassessed annually by management and adjusted if appropriate.

Freehold buildings	5 years
Plant and machinery	8 – 28 years
Fixtures, fittings and equipment	3 years

No depreciation is provided on freehold land or assets in the course of construction.

Depreciation is charged to the statement of comprehensive income within cost of sales.

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 1 Accounting policies (continued)

#### Leases

The Company recognises assets and liabilities for all leases within term of more than 12 months, unless the underlying asset is of low value. A lessee recognises a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset (underlying asset) for a period of time in exchange for consideration. The Company determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The right-of-use asset is initially recognised at the commencement date and measured at cost. The cost of right-of-use asset includes the amount of initial measurement of the lease liability and any lease payments made at or before the commencement date, less any lease incentive received. The lease liability is initially recognised at the commencement date and measured at present value of the lease payments that are not paid at that date.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses. The lease liability is subsequently measured using effective interest rate method. The carrying amount is remeasured to reflect any re-assessment or lease modifications, or to reflect revised in-substance fixed lease payments. A re-assessment of the lease liability takes place if the cash flows change based on the original terms and conditions of the lease. A lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease. Described above changes to the lease liability amount should be adjusted in the right-of-use asset amount. Any changes that are required by original lease agreement terms, including changes impacted by reviewed market lease payment or extension of lease period, should be treated rather as reassessment than modification. Effective date of changes is the date on which both parties agree to lease agreement changes.

The Company depreciates the right-of-use asset on the straight line basis from the lease commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term. Depreciation should be recognised separately from interest on lease liabilities in the income statement

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Raw materials are held at purchase cost plus any costs incurred in bringing the inventories to their present location and condition. For finished goods cost is taken as weighted average production cost, which includes an appropriate proportion of attributable overheads.

Net realisable value is taken as selling price, less any attributable costs. Provision is made where necessary for obsolete, slow moving and defective inventories.

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 1 Accounting policies (continued)

#### Trade receivables

Trade receivables are recognised in the balance sheet at net realisable value being initial fair value less provision for impairment. Provisions are determined on the basis of an individual assessment of each receivable and the amount of the loss arising from provisions made is recognised within other expenses in the income statement together with the credit relating to the reversal of any provisions no longer required.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which requires expected lifetime losses to be recognised at the time of the initial recognition of the trade receivables. To measure the expected credit losses, trade receivables and amounts owed by Metinvest group undertakings are assessed separately.

The company uses a factoring arrangement which allows the sale of eligible trade receivables to be made on a true sale and revolving basis without recourse to the company. The company derecognises the transferred eligible receivables on the basis that substantially all risks and rewards are neither transferred nor retained. The company maintains customer relationships and collects the amounts due from customers on behalf of the factor. The company continues to recognise the receivables to the extent of its continuing involvement, represented by the deferred purchase price amount, which is the maximum amount the company could lose in relation to transferred receivables.

#### Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost. Other payables primarily comprise holiday pay liabilities, income taxes, other taxes and interest payable, which are measured at fair value.

#### Cash and cash equivalents

Cash and cash equivalents includes cash and balances in accounts with no or short notice (including money market deposits).

#### Fair value measurements

For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 1 Accounting policies (continued)

#### Financial instruments

Financial instruments comprise borrowings, cash, money market deposits, trade receivables and trade payables. The main purpose of these financial instruments is to manage the company's operations. No trading in financial instruments is undertaken.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Other financial liabilities, including loans such as loans from financial institutions are recognised when obtained at the proceeds received less transaction costs incurred. In subsequent periods, the loans are measured at amortised cost so that the effective interest charges are recognised in the income statement over the term of the loan.

#### Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### Current taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws which have been enacted or substantively enacted by the balance sheet date.

#### Deferred taxation

Deferred income tax is provided in full using the liability method on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using average tax rates (and laws) that have been enacted or substantively enacted by the accounting reference date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### Post-retirement benefits

The company operates a defined contribution pension scheme to which employees can contribute. The assets of the scheme are held separately from those of the company in an independently administered fund.

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 1 Accounting policies (continued)

#### **Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

#### ***Inventory provisioning***

The company produces hot rolled steel plates which are subject to changing demands and fluctuations in price. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials.

#### ***Impairment of debtors***

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The factoring arrangement has reduced the total trade debtor balance but the total debtor balance remains a significant amount.

# **Spartan UK Limited**

## **Notes to the financial statements for the year ended 31 December 2023 - continued**

### **1 Accounting policies (continued)**

#### **New standards, amendments and interpretations**

The company has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2023:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments listed above did not have any impact on the amounts recognised in the current or prior years and are not expected to significantly affect future periods. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not effective

#### **New Standards, amendments and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 2 Financial risk management

The company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The company's overall risk management programme seeks to minimise potential adverse effects on the company's financial performance.

#### Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, contractual cash flows of debt investments carried at amortised costs as well as credit exposures to customers, including outstanding receivables.

The company's financial assets which include intra group (balances with companies within the Metinvest Group) loans and short term receivables (previously categorised as loans and receivables) are measured at amortised cost on the basis of the entity's business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

In relation to the impairment of financial assets, IFRS 9 requires the company to apply an expected credit loss model and assess changes in expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and amounts owed by Metinvest group undertakings have been assessed separately. No expected credit loss has been calculated as the company uses a credit insurance policy which covers a significant amount of its exposure. This combined with robust credit management procedures ensure risks are well managed.

Expected credit loss calculated on other trade receivables was not material.

## Notes to the financial statements for the year ended 31 December 2023 – continued

### 2 Financial risk management (continued)

#### Liquidity risk

Liquidity risk arises due to purchases from the company's suppliers. Liquidity risk is managed through regular cash flow forecasting to ensure the company has sufficient available funds for its operations and growth. Liquidity risk is also minimised through intercompany indebtedness with Metinvest Group.

The table below analyses the company's financial liabilities into relevant maturity groupings at the accounting reference date, based on contractual maturities.

	Less than 1 year £	Between 2–5 years £
<b>At 31 December 2023</b>		
Borrowings	-	-
Trade and other payables	86,495,099	428,089
<b>At 31 December 2022</b>		
Borrowings	-	-
Trade and other payables	62,466,379	257,544

#### Market risk

##### Currency risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the US Dollar. Foreign exchange risk arises from commercial transactions and from retranslation of recognised assets and liabilities.

Being part of the Metinvest Group, the overall currency risk is managed at group level.

The company imports its raw materials through the Metinvest Group predominantly in pounds and also imports to a lesser extent in Euros from other external suppliers. Export sales are made in Euros which provides a natural hedge for its liabilities. The company buys and sells foreign currency at spot rates which is consistent with Metinvest Group policy. The currency risks are known and understood by both Spartan management and the shareholders.

Sensitivities have been performed based on the movement in currency rates during the year.

At 31 December 2023, if the Euro had weakened/strengthened by 5% (2022: 5%) against the pound with all other variables held constant, post-tax profit for the year would have been £401,956 (2022: £162,949) lower/higher, mainly as a result of foreign exchange loss/gain on translation of euro-denominated trade receivables.

At 31 December 2023, if the US dollar had weakened/strengthened by 5% (2022: 5%) against the pound with all other variables held constant, post-tax profit for the year would have been £93,732 (2022: £45,177) lower/higher, mainly as a result of foreign exchange loss/gain on translation of dollar-denominated bank balance.



**Notes to the financial statements for the year ended 31 December 2023**  
**– continued**

**2 Financial risk management (continued)**

**Market risk (continued)**

*Steel prices*

Steel prices remained fairly static throughout the year but increased significantly towards the end of the year. Management consider that there is no impact on the year end stock values as a result of price changes.

Summary of stock at year end:

	2023			2022		
	Tons	Value	£/ton	Tons	Value	£/ton
Slab stock	42,745	22,450,571	525	29,788	17,524,180	588
Spare parts	-	4,365,990	-	-	3,972,412	-
Plate stock	8,703	5,897,562	678	13,443	10,162,807	756
Traded stock	3,702	2,609,943	705	-	-	-

The weighted average purchase price for slabs in 2023 was £564/ton (2022: £697/ton). The average net selling price in January 2024 was £668/ton (January 2023: £772/ton) which would give a plate stock impairment of £84,045 (2022: £nil). Average selling prices increased to £706/ton in May 2024.

**Capital risk management**

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital. The capital structure is maintained through determining the amount of dividends paid to shareholders, repayment or drawing of debt and payment of other payables. The company's total equity consists of share capital and retained earnings. The company had no new external loan facilities during the prior year. It also has extended credit on raw material purchases from within the Metinvest Group. The company monitors its capital risk through various ratios.

	2023	2022
	£	£
Total equity	39,444,329	54,981,634
Total assets	127,887,675	119,384,709
Group payable balance	77,008,523	52,259,426
Interest payable	1,847,158	1,195,275
EBITDA	8,934,752	15,912,655
Total equity/total assets	30.8%	46.1%
EBITDA/Interest cost (times)	4.8	13.3

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 3 Revenue

Revenue represents revenue from sale of goods and is derived in the following geographic regions and major product lines:

	Plates		Traded Products		Scrap		Others		
2023	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	Total £'000
Intercompany	998	16,235	1	32	-	-	-	55	17,321
Revenue from external customers	95,152	44,757	1,409	-	5,893	-	-	-	147,211
	96,150	60,992	1,410	32	5,893	-	-	55	164,532

  

	Plates		Traded Products		Scrap		Others		
2022	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	Total £'000
Intercompany	5,142	24,911	317	49	-	-	-	156	30,575
Revenue from external customers	108,440	50,582	9,627	564	4,885	-	-	-	174,098
	113,582	75,493	9,944	613	4,885	-	-	156	204,673

All revenue is recognised at a point in time.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 4 Expenses by nature

	2023	2022
	£	£
Changes in inventories of finished goods and goods for resale	5,548,579	7,959,747
Raw materials and consumables used	118,459,174	149,681,924
Employee benefit expense (note 6)	6,944,364	6,131,146
Depreciation	1,276,954	1,204,646
Amortisation	1,909	4,881
Foreign exchange losses/(gains)	281,928	(672,653)
Other expenses	24,363,021	25,660,036
<b>Total cost of sales, distribution costs, administrative expenses and other operating expenses</b>	<b>156,875,929</b>	<b>189,969,727</b>

### 5 Auditors' remuneration

	2023	2022
	£	£
Fees payable in respect of statutory audit	56,000	60,000

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 6 Employee benefit expense

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

	Number of employees	
	2023	2022
Management and administration	43	42
Production	71	73
	114	115

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£	£
Wages and salaries	6,087,899	5,340,171
Social security costs	645,825	600,541
Other pension costs	210,640	190,434
	6,944,364	6,131,146

### 7 Remuneration of directors

	2023	2022
	£	£
Aggregate emoluments	-	-

Total emoluments for the highest paid director were £nil (2022: £nil). The emoluments of the directors are paid by the parent company. The directors' services to this company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly, the above details include no emoluments in respect of any directors.

Retirement benefits are accruing to none (2022: none) of the directors under money purchase schemes.

No individuals other than the directors are considered key management personnel of the company.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 8 Finance income

	2023	2022
	£	£
Bank interest receivable	3,448	1,424
Other interest	62,641	1,885
Dividend income	19	231
	66,108	3,540

### 9 Finance costs

	2023	2022
	£	£
Interest on factored debt	1,647,869	796,852
Other interest payable	153,644	375,350
Interest on leases	45,645	23,073
	1,847,158	1,195,275

### 10 Income charge

	2023	2022
	£	£
Current tax:		
Current tax on profit for the year	1,508,548	2,454,498
Adjustment in respect of prior years	88,782	3,738
<b>Total current tax</b>	<b>1,597,330</b>	<b>2,458,236</b>
Deferred tax:		
Current year	(116,740)	44,605
Changes in tax rate	(7,343)	14,086
Adjustment in respect of prior years	(61,103)	(4,656)
<b>Total deferred tax (note 20)</b>	<b>(185,186)</b>	<b>54,035</b>
<b>Income tax charge</b>	<b>1,412,144</b>	<b>2,512,271</b>

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 10 Income tax charge (continued)

The tax on the company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

	2023	2022
	£	£
<b>Profit before income tax</b>	<b>5,874,839</b>	13,511,394
Profit before income tax multiplied by the standard rate of corporation tax in the UK, 23.52% (2022: 19%)	<b>1,381,762</b>	2,567,165
Effects of:		
Expenses not deductible for tax purposes	<b>10,050</b>	5,580
Changes in tax rate	<b>(7,343)</b>	14,086
Income not taxable	<b>(4)</b>	(44)
Enhanced tax depreciation	-	(73,598)
Adjustments in respect of prior years	<b>27,679</b>	(918)
<b>Total tax charge</b>	<b>1,412,144</b>	2,512,271

The standard rate of tax applied to reported profit on ordinary activities is 23.52% (2022: 19%). Finance Act 2021 enacted provisions to increase the main rate of UK corporation tax to 25% from 1 April 2023. Deferred tax balances at 31 December 2023 have been calculated at the rate applicable in the year in which the underlying temporary differences are expected to reverse.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 11 Property, plant and equipment

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Assets in course of construction £	Total £
<b>Cost</b>					
At 1 January 2022	1,282,157	33,029,369	118,442	2,474,024	36,903,992
Transfers	-	1,278,185	-	(1,278,185)	-
Additions	-	1,112,178	-	276,009	1,388,187
<b>At 31 December 2022</b>	<b>1,282,157</b>	<b>35,419,732</b>	<b>118,442</b>	<b>1,471,848</b>	<b>38,292,179</b>
Transfers	-	787,580	-	(787,580)	-
Additions	-	172,872	-	16,809	189,681
<b>At 31 December 2023</b>	<b>1,282,157</b>	<b>36,380,184</b>	<b>118,442</b>	<b>701,077</b>	<b>38,481,860</b>
<b>Accumulated depreciation</b>					
At 1 January 2022	882,157	26,568,576	118,442	-	27,569,175
Charge for the year	-	1,204,646	-	-	1,204,646
At 31 December 2022	882,157	27,773,222	118,442	-	28,773,821
Charge for the year	-	1,276,954	-	-	1,276,954
<b>At 31 December 2023</b>	<b>882,157</b>	<b>29,050,176</b>	<b>118,442</b>	<b>-</b>	<b>30,050,775</b>
<b>Net book amount</b>					
<b>At 31 December 2023</b>	<b>400,000</b>	<b>7,330,008</b>	<b>-</b>	<b>701,077</b>	<b>8,431,085</b>
At 31 December 2022	400,000	7,646,510	-	1,471,848	9,518,358

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 12 Intangible assets

	Software licences £
<b>Cost</b>	
At 1 January 2022	172,059
Additions	5,726
At 31 December 2022	177,785
Additions	-
<b>At 31 December 2023</b>	<b>177,785</b>
<b>Accumulated amortisation</b>	
At 1 January 2022	167,814
Charge for the year	4,881
At 31 December 2022	172,695
Charge for the year	1,909
<b>At 31 December 2023</b>	<b>174,604</b>
<b>Net book amount</b>	
<b>At 31 December 2023</b>	<b>3,181</b>
At 31 December 2022	5,090

Amortisation is included within Administrative expenses in the Statement of comprehensive income.

### 13 Investments

	Shares in group undertakings £
<b>Cost and net book value</b>	
<b>At 1 January 2022, 31 December 2022 and 31 December 2023</b>	<b>7</b>

The investment represents 0.05% of the voting rights in Trametal Europe Sprl. The registered office is Ilgatalaan 9, 3500 Hasselt, Limburg, Belgium.



**Notes to the financial statements for the year ended 31 December 2023  
- continued**

**14 Inventories**

	2023	2022
	£	£
Raw materials and consumables	26,816,561	21,496,592
Finished goods and goods for resale	8,507,505	10,162,807
	<b>35,324,066</b>	<b>31,659,399</b>

**15 Trade and other receivables**

	2023	2022
	£	£
Trade receivables	5,781,936	6,790,217
Amounts owed by group undertakings	30,200,600	47,614,852
Other receivables	3,805,052	11,514,344
Prepayments and accrued income	78,723	363,176
	<b>39,866,311</b>	<b>66,282,589</b>

Amounts owed by Metinvest group undertakings are unsecured, interest free and repayable on demand. These balances will be reduced by offsetting against the corresponding group payables balances (£77.0m) on an ageing basis in 2024. The remaining balance of current receivables is monitored by the Central Treasury and will be reduced down periodically on a cash need basis. Amounts owed to Metinvest group are in one currency with £nil million (pounds) and £30.2 million (Euro equivalent) in 2023 while in 2022 is £15.9 million and £31.6 million (Euro equivalent)

The directors consider that the carrying value of trade and other receivables is approximately equal to their fair value.

The average credit period granted for sales of goods and services is 60 days. Expected credit losses are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position as well as expected credit loss.

No material amounts of contract assets as defined in IFRS15 are included in the current or prior period.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. The company holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost. Details about the company's impairment policies and the calculation of the loss allowance are provided in note 2. The balances at year end relate to a number of individual customers with whom there is no recent history of default. In addition, the company has insurance in place to cover the majority of the balances. As a result, no expected credit losses were recognised in respect of trade receivables (2022: £nil).

**Notes to the financial statements for the year ended 31 December 2023  
- continued****15 Trade and other receivables (continued)**

The carrying amount of trade receivables also includes an element of receivables which are subject to factoring arrangement. The eligible trade receivables are derecognised but the company recognises certain reserves which reflect the amount of receivables that show the extent of the company's continuing involvement. The amounts of receivables derecognised are £18,918,072 (2022 £19,200,991) and €6,688,488 (2022 €6,011,245) and the amounts of reserves recognised are £2,144,048 (2022 £2,176,112) and €869,100 (2022 €781,462). As part of the factoring arrangement, the factoring company was assigned as loss payee on the company's credit insurance policy.

All receivables are current and are repayable on terms consistent within the industry in the various countries in which it trades. The carrying amounts of the company's trade receivables are denominated in the following currencies:

	2023 £	2022 £
Pounds	4,224,926	3,578,315
Euro	1,557,010	3,211,902
	5,781,936	6,790,217

The company does not (2022 same) hold any collateral or other credit enhancements over any of its trade receivables. The directors have not (2022 same) identified any material amounts of expected credit loss.

The other classes within trade and other receivables do not (2022 same) contain impaired assets.

Concentrations of credit risk with respect to trade receivables are limited due to the company's customer base being large and unrelated. Due to this, management believes there is no credit risk provision required.

**16 Cash and cash equivalents**

	2023 £	2022 £
Cash at bank and in hand	42,538,034	10,488,496

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 17 Trade and other payables

	2023	2022
	£	£
Trade payables	2,810,140	5,710,854
Amounts owed to group undertakings (trading balances)	77,008,523	52,259,426
Other payables	5,488,578	3,050,468
Social security and other taxes	228,962	202,773
Lease liabilities (note 23)	2,769	29,048
Accruals and deferred income	1,185,092	1,416,583
	86,724,064	62,669,152

Amounts owed to Metinvest group undertakings are unsecured, interest bearing and repayable on demand.  
Amounts owed to group undertakings includes £20m in relation to the dividend declared during the period.

Other payables includes the amount owed to the factoring company as part of the factoring arrangement which is noted in note 15.

### 18 Current income tax asset

	2023	2022
	£	£
Corporation tax	1,319,555	1,166,884
	1,319,555	1,166,884

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2023 – continued

### 19 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Lease liabilities (note 23)	428,089	257,544
	428,089	257,544

### 20 Deferred tax liability

	Deferred taxation £
At 1 January 2022	1,422,344
Adjustment in respect of prior years	(4,656)
Credit to the statement of comprehensive income for the year	58,691
At 31 December 2022	1,476,379
Adjustment in respect of prior years	(61,103)
Charge to the statement of comprehensive income for the year	(124,083)
At 31 December 2023	1,291,193

The elements of deferred taxation are as follows:

	2023	2022
	£	£
Accelerated tax depreciation	1,299,015	1,600,741
Temporary differences trading	(7,822)	(124,362)
Losses	-	-
	1,291,193	1,476,379

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2023 - continued

### 20 Deferred tax liability (continued)

#### Deferred tax assets

	2023	2022
	£	£
Recoverable after 12 months	-	-

#### Deferred tax liabilities

	2023	2022
	£	£
Payable after 12 months	1,291,193	1,476,379

### 21 Ordinary shares

	Number of shares	Ordinary shares £
Authorised, called up and issued £1 ordinary shares (fully paid)		
At 1 January 2022, 31 December 2022 and 31 December 2023	2,500,000	2,500,000

Dividends totalling £20,000,000 (£8 per share) were declared during the period (2022: £nil).

### 22 Financial instruments by category

By category	Financial assets at amortised cost £'000
At 31 December 2023	
Financial assets at amortised cost	
Trade and other receivables	39,788
Cash and cash equivalents	42,538
	82,326

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2023 – continued

### 22 Financial instruments by category (continued)

By category	Other financial liabilities
	£'000
<hr/>	
At 31 December 2023	
Financial liabilities at amortised cost	
Borrowings	-
Trade and other payables	86,724
	<hr/>
	86,724
	<hr/>

By category	Financial assets at amortised cost
	£'000
<hr/>	
At 31 December 2022	
Financial assets at amortised cost	
Trade and other receivables	65,919
Cash and cash equivalents	10,488
	<hr/>
	76,407
	<hr/>

By category	Other financial liabilities
	£'000
<hr/>	
At 31 December 2022	
Financial liabilities at amortised cost	
Borrowings	-
Trade and other payables	62,669
	<hr/>
	62,669
	<hr/>

## Notes to the financial statements for the year ended 31 December 2023

### – continued

## 22 Financial instruments by category (continued)

### *Classification as trade receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised at the amount of consideration that is unconditional. The company holds the trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method. Details about the company's impairment policies and the calculation of the loss allowance are provided in the accounting policies section and note 15.

### *Fair values of trade receivables*

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

### *Impairment and risk exposure*

Information about the impairment of trade receivables and the company's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 2.

## 23 Leases

The company leases vehicles and cars. Rental contracts for vehicles are typically 5 years. Car leases typically have a term of 3 years. Amounts recognized in the balance sheet are as follows:

	31 Dec 2023 £	31 Dec 2022 £
Right of use assets		
Vehicles	375,548	243,108
Cars	29,888	20,778
	<b>405,436</b>	<b>263,886</b>

During the year additions to right-of-use assets were £292,936 (2022: £nil). Depreciation of £132,322 (2022: £148,808) was charged on vehicles and £19,064 (2022: £21,143) on cars.

	31 Dec 2023 £	31 Dec 2022 £
Lease liabilities		
Current (note 17)	2,769	29,048
Non Current (note 19)	428,089	257,544
	<b>430,858</b>	<b>286,592</b>

During the year, the total cash outflow in respect of leases was £194,314 (2022: £197,953) with £45,645 (2022: £23,073) of interest charged.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2023 – continued

### 24 Commitments

Capital commitments for the purchase of property, plant and equipment, at the end of the financial year for which no provision has been made, are as follows:

	2023	2022
	£	£
Contracted	149,600	207,900

### 25 Cash generated from operations

	2023	2022
	£	£
Operating profit	7,655,889	14,703,128
Adjustments for:		
Amortisation	1,909	4,881
Depreciation	1,276,954	1,204,646
Changes in working capital:		
(Increase) / Decrease in inventories	(3,664,667)	14,566,795
Decrease / (Increase) in trade and other receivables	26,416,278	(21,482,909)
Increase / (Decrease) in trade and other payables	24,083,906	(7,103,627)
Dividends declared not yet paid	(20,000,000)	-
<b>Cash generated from operations</b>	<b>35,770,269</b>	<b>1,892,914</b>



# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2023 – continued

### 26 Related party transactions

The company is a subsidiary undertaking of Metinvest Tramatel SpA, which is the immediate parent company incorporated in Italy. The principal activity of the company is that of a steel rolling mill producing hot rolled steel plates.

The following transactions were carried out with companies wholly owned within the Metinvest Group:

	2023 £	2022 £
<b>Purchases of raw materials -</b>		
Entities under common control	24,993,947	28,419,227
<b>Goods purchased for resale -</b>		
Entities under common control	3,818,712	1,897,177
<b>Agents commission -</b>		
Entities under common control	33,512	154,437
<b>Recharges -</b>		
Entities under common control	19,444,767	32,599,449
<b>Dividends declared -</b>		
Entities under common control	20,000,000	-

These transactions resulted in the following balances outstanding at the year-end:

	2023 £	2022 £
<b>Assets:</b>		
Entities under common control	30,200,600	47,614,852
<b>Liabilities:</b>		
Entities under common control	77,008,523	52,259,426

# **Spartan UK Limited**

## **Notes to the financial statements for the year ended 31 December 2023 - continued**

### **27 Ultimate parent undertaking and controlling party**

The ultimate parent undertaking is Metinvest BV, a company incorporated in the Netherlands.

Metinvest BV is the parent undertaking of the subsidiary undertakings to consolidate these financial statements. The consolidated financial statements of Metinvest BV are available from Gustav Mahlerplein 74B, 1082MA Amsterdam, The Netherlands.

The ultimate beneficially owned of Metinvest B.V. is Mr. Rinat Akhmetov, through various entities commonly referred to as System Capital Management ("SCM").

### **28 Capital management**

The capital structure of the company consists of equity capital in the form of ordinary shares and retained earnings. There is no debt capital in the company. The company's objectives when managing the capital structure of the company are to safeguard the company's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The company monitors its capital risk through various ratios, as disclosed on page 20.

### **29 Post Balance Sheet Event Note**

In March 2024, stock with a cost of £8.8m was received into Spartan UK Limited's ownership, this stock was previously thought to be irrecoverable due to the ongoing war within Ukraine. This stock was fully provided for during the financial year ended 31 December 2022 and is a non-adjusting post balance sheet event.