

### **A6.3. – The financial statements**

Spartan UK Ltd

Content:

Spartan UK Limited  
Annual report and financial statements  
for the year ended 31 December 2022

**Registered number 04140355**

Spartan UK Limited  
Annual report and financial statements  
for the year ended 31 December 2022  
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# Spartan UK Limited

## Strategic report for the year ended 31 December 2022

### **Business review and future developments**

The results for the year are set out in the statement of comprehensive income on page 8. Revenue decreased by 0.2% compared to 2021 to £205.2 million from £204.7m. The volume of Spartan's plate sales decreased and there was also a significant decrease in the trading of other Metinvest Group products due to the conflict in Ukraine. Steel prices of all products increased significantly during the year as demand was strong. A profit of £11.0 million was recorded for the year with a profit of £12.4 million in 2021.

The balance sheet at 31 December 2022 shows that the financial position of the company has improved with net assets of £54.9 million (2021: £43.9 million).

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

For 2022 the war in Ukraine has 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 in the first half of 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 UK Limited 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 £975 during 2022 (2021: £694). Production volume of 187kt (2021: 215kt) was affected by the Ukrainian conflict and is expected to grow again in 2023. Along with the improved financial position of the company, cash balances have remained strong throughout the year with an average cash balance of £21.7m (2021: £16.1m). Carbon emissions per tonne remained constant at 0.11tCO<sub>2</sub>eq (2021: 0.11tCO<sub>2</sub>eq) and gas efficiency improved to 47.4m<sup>3</sup>/t (2021: 47.6m<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 2022 – 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:

# Spartan UK Limited

## Strategic report for the year ended 31 December 2022 - 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 2022 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 decreased 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 2022 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 2023.

On behalf of the Board

D Nikolayenko  
Director



June 28<sup>th</sup>, 2023

# Spartan UK Limited

## Directors' report for the year ended 31 December 2022

The directors present their report and audited financial statements of the company for the year ended 31 December 2022.

### 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 the payment of a dividend (2021: £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:

A Pogozhev – resigned 8th June 2022

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 2022 – 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.

	2022	2021
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	18,893	22,089
Scope 2 emissions – electricity consumed for own use	1,544	1,856
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

# Spartan UK Limited

## Directors' report for the year ended 31 December 2022 – 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

D Nikolayenko  
Director



June 28<sup>th</sup>, 2023

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

## Report on the audit of the financial statements

### Opinion

In our opinion, Spartan UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: Balance sheet as at 31 December 2022; Statement of comprehensive income, Statement of cash flows and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

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

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

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

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.

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

## **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Health and safety and environmental legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax and company legislation, including compliance with the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries or through management bias in manipulation of accounting estimates with the aim of increasing revenue or profitability, including the increase of its Earnings Before Interest Tax Depreciation or Amortisation "EBITDA". Audit procedures performed by the engagement team included:

- Discussions with management including those charged with governance, inquiring specifically as to whether there was any known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of board minutes;
- Review of legal expenses in the year to identify potential non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular net realizable value of inventories and impairment of trade receivables; and
- Identifying and testing journal entries in particular any journal entries posted with unusual account combinations, focussing on those that increased revenue or that improved performance at an earnings before interest tax depreciation and amortisation "EBITDA" level.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

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

## Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Dawson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
30 June 2023

## Spartan UK Limited

### Statement of comprehensive income for the year ended 31 December 2022

		2021	2021
		2022	Restated
	Note	£	See note 3
		£	£
<b>Revenue</b>	3	<b>204,672,855</b>	205,246,280
Cost of sales	4	<b>(177,433,031)</b>	(176,065,084)
<b>Gross profit</b>		<b>27,239,824</b>	29,181,196
Distribution costs	4	<b>(8,407,694)</b>	(7,198,841)
Administrative expenses	4	<b>(3,885,680)</b>	(5,572,618)
Other operating expenses	4	<b>(243,322)</b>	(80,368)
<b>Operating profit</b>		<b>14,703,128</b>	16,329,369
Finance income	8	<b>3,540</b>	9,109
Finance costs	9	<b>(1,195,275)</b>	(648,095)
<b>Profit before income tax</b>		<b>13,511,393</b>	15,690,383
Income tax (charge)	10	<b>(2,512,271)</b>	(3,260,322)
<b>Profit for the year</b>		<b>10,999,122</b>	12,430,061
<b>Total comprehensive profit for the year</b>		<b>10,999,122</b>	12,430,061

All amounts above relate to continuing operations.

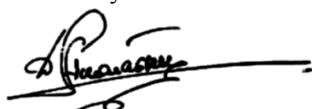
# Spartan UK Limited

## Balance sheet as at 31 December 2022

	Note	2022 £	2021 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	9,518,358	9,334,817
Right of use assets	23	263,886	433,837
Intangible assets	12	5,090	4,245
Investments	13	7	7
		<b>9,787,341</b>	9,772,906
<b>Current assets</b>			
Inventories	14	31,659,399	46,226,194
Trade and other receivables	15	66,282,589	44,799,680
Cash and cash equivalents	16	10,488,496	14,869,212
Current income tax asset	18	1,166,884	-
		<b>109,597,368</b>	105,895,086
<b>Total assets</b>		<b>119,384,709</b>	115,667,992
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	62,669,152	69,760,783
Current income tax liability	18	-	62,862
		<b>62,669,152</b>	69,823,645
<b>Non-current liabilities</b>			
Creditors: amount falling due after more than one year	19	257,544	439,491
Deferred tax liability	20	1,476,379	1,422,344
		<b>1,733,923</b>	1,861,835
<b>Total liabilities</b>		<b>64,403,075</b>	71,685,480
<b>Equity</b>			
Ordinary shares	21	2,500,000	2,500,000
Retained earnings		52,481,634	41,482,512
<b>Total equity</b>		<b>54,981,634</b>	43,982,512
<b>Total equity and liabilities</b>		<b>119,384,709</b>	115,667,992

These financial statements on pages 11 to 42 were approved by the Board of directors on June 28<sup>th</sup>, 2023 and were signed on its behalf by:

D Nikolayenko  
Director



Registered number: 04140355

# Spartan UK Limited

## Statement of cash flows for the year ended 31 December 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	25	<b>1,892,914</b>	12,111,989
Corporation tax paid		<b>(3,687,982)</b>	(2,019,755)
Interest paid		<b>(1,195,275)</b>	(648,095)
<b>Net cash generated from operating activities</b>		<b>(2,990,343)</b>	9,444,139
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		<b>(1,388,187)</b>	(1,975,132)
Purchases of intangible assets		<b>(5,726)</b>	(16,981)
Interest received		<b>3,309</b>	9,012
Dividend received		<b>231</b>	97
<b>Net cash used in investing activities</b>		<b>(1,390,373)</b>	(1,983,004)
<b>Cash flow from financing activities</b>			
<b>Net cash used in financing activities</b>		-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,380,716)</b>	7,461,135
Cash and cash equivalents at beginning of year		14,869,212	7,408,077
<b>Cash and cash equivalents at end of year</b>	16	<b>10,488,496</b>	14,869,212

## Spartan UK Limited

### Statement of changes in equity for the year ended 31 December 2022

	Ordinary shares	Retained earnings	Total equity
	£	£	£
At 1 January 2021	2,500,000	29,052,451	31,552,451
Profit for the year and total comprehensive income	-	12,430,061	12,430,061
At 31 December 2021	2,500,000	41,482,512	43,982,512
Profit for the year and total comprehensive income	-	10,999,122	10,999,122
<b>At 31 December 2022</b>	<b>2,500,000</b>	<b>52,481,634</b>	<b>54,981,634</b>

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022

### 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 updated cash flow forecasts based on a conservative and worst case scenarios. 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.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - 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.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - 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 rights-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.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - 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.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - 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.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - 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 2022 - 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 2022:

- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 – Business Combinations: Reference to the Conceptual Framework
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts and cost of Fulfilling a Contract

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 2022 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 2022 - 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.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 – 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 2022</b>		
Borrowings	-	-
Trade and other payables	62,466,379	257,544
<b>At 31 December 2021</b>		
Borrowings	-	-
Trade and other payables	69,554,248	439,491

#### 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 2022, if the Euro had weakened/strengthened by 5% (2021: 5%) against the pound with all other variables held constant, post-tax profit for the year would have been £162,949 (2021: £525,331) lower/higher, mainly as a result of foreign exchange loss/gain on translation of euro-denominated trade receivables.

At 31 December 2022, if the US dollar had weakened/strengthened by 5% (2021: 5%) against the pound with all other variables held constant, post-tax profit for the year would have been £45,177 (2021: £9,921) lower/higher, mainly as a result of foreign exchange loss/gain on translation of dollar-denominated bank balance.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 – 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:

	2022			2021		
	Tons	Value	£/ton	Tons	Value	£/ton
Slab stock	<b>29,788</b>	<b>17,524,180</b>	<b>588</b>	47,511	26,895,249	566
Spare parts	-	<b>3,972,412</b>	-	-	3,720,590	-
Plate stock	<b>13,443</b>	<b>10,162,807</b>	<b>756</b>	14,274	9,541,989	669
Traded stock	-	-	-	7,170	6,068,366	846

The weighted average purchase price for slabs in 2022 was £697/ton (2021: £632/ton). The average net selling price in January 2023 was £772/ton (January 2022: £769/ton) which would give a plate stock impairment of £nil (2021: £nil). Average selling prices increased to £1,193/ton in April 2022.

#### 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.

	2022	2021
	£	£
Total equity	<b>54,981,634</b>	43,982,512
Total assets	<b>119,384,709</b>	115,667,992
Group payable balance	<b>52,259,426</b>	56,179,824
Interest payable	<b>1,195,275</b>	648,095
EBITDA	<b>15,912,655</b>	17,493,391
Total equity/total assets	<b>46.1%</b>	38.0%
Group payable balance/EBITDA (times)	<b>3.3</b>	3.2
EBITDA/Interest cost (times)	<b>13.3</b>	27.0

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - 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		Total
	UK	Europe	UK	Europe	UK	Europe	UK	Europe	
2022	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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

As Restated	Plates		Traded Products		Scrap		Others		Total
	UK	Europe	UK	Europe	UK	Europe	UK	Europe	
2021	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Intercompany	7,499	9,706	3,388	-	-	-	-	211	20,804
As previously Reported			45,823	48,323					
Restatement adjustment			-	(46,713)					
Revenue from external customers	101,685	30,732	45,823	1,610	4,592	-	-	-	184,442
	109,184	40,438	49,211	1,610	4,592	-	-	211	205,246

All revenue is recognised at a point in time.

#### Prior period Adjustment

Revenues and Cost of sales are restated for 2021. The Company has a service agreement with 2 Italian Group companies which permits use of its credit insurance facility in order to manage its credit risk. The company considers that it has acted as an agent in the resulting intercompany transactions as it did not control the goods prior to the transfer to the customer, Spartan UK Ltd previously accounted for these transactions as the principal. As an agent rather than recognising gross sales and purchases only the agent fees were recognised.

The impact of the restatement is with the classification of Revenues and Cost of Sales in the Statements of Comprehensive Income by £46.7 million, with the profit for the year being unaffected by the changes. The restatement has no effect on the Balance Sheet and the Statement of Changes in Equity for the year. The above adjustment to revenue was also applied to cost of sales as this was a direct reclassification of cost of sales to revenue.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - continued

### 4 Expenses by nature

	2022	2021
	£	£
Changes in inventories of finished goods and goods for resale (Restated prior year)	7,959,747	39,033,754
Raw materials and consumables used	149,681,924	123,495,895
Employee benefit expense (note 6)	6,131,146	6,169,153
Depreciation	1,204,646	1,144,322
Amortisation	4,881	19,700
Foreign exchange (gains)/losses	(672,653)	1,162,285
Other expenses	25,660,036	17,891,802
<b>Total cost of sales, distribution costs, administrative expenses and other operating expenses</b>	<b>189,969,727</b>	<b>188,916,911</b>

Changes in inventories of finished goods and goods for resale are restated for 2021. The reason for this is explained in Note 3 Revenue on page 25.

### 5 Auditors' remuneration

	2022	2021
	£	£
Fees payable in respect of statutory audit	60,000	42,375

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - 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	
	2022	2021
Management and administration	42	43
Production	73	71
	<b>115</b>	114

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£	£
Wages and salaries	5,340,171	5,399,214
Social security costs	600,541	576,993
Other pension costs	190,434	192,946
	<b>6,131,146</b>	6,169,153

### 7 Remuneration of directors

	2022	2021
	£	£
Aggregate emoluments	-	-

Total emoluments for the highest paid director were £nil (2021: £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 (2021: 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 2022 - continued

### 8 Finance income

	2022	2021
	£	£
Bank interest receivable	1,424	5
Other interest	1,885	9,007
Dividend income	231	97
	<b>3,540</b>	<b>9,109</b>

### 9 Finance costs

	2022	2021
	£	£
Interest on factored debt	796,852	600,622
Other interest payable	375,350	15,986
Interest on leases	23,073	31,487
	<b>1,195,275</b>	<b>648,095</b>

### 10 Income charge

	2022	2021
	£	£
Current tax:		
Current tax on profit for the year	2,454,498	2,235,362
Adjustment in respect of prior years	3,738	-
<b>Total current tax</b>	<b>2,458,236</b>	<b>2,235,362</b>
Deferred tax:		
Current year	44,605	682,593
Changes in tax rate	14,086	341,363
Adjustment in respect of prior years	(4,656)	1,004
<b>Total deferred tax (note 20)</b>	<b>54,035</b>	<b>1,024,960</b>
<b>Income tax charge</b>	<b>2,512,271</b>	<b>3,260,322</b>

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - 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:

	2022	2021
	£	£
<b>Profit before income tax</b>	<b>13,511,394</b>	15,690,384
Profit before income tax multiplied by the standard rate of corporation tax in the UK, 19% (2021: 19%)	<b>2,567,165</b>	2,981,173
Effects of:		
Expenses not deductible for tax purposes	<b>5,580</b>	4,750
Changes in tax rate	<b>14,086</b>	341,363
Income not taxable	<b>(44)</b>	(706)
Enhanced tax depreciation	<b>(73,598)</b>	(67,262)
Adjustments in respect of prior years	<b>(918)</b>	1,004
<b>Total tax charge</b>	<b>2,512,271</b>	3,260,322

The standard rate of tax applied to reported profit on ordinary activities is 19% (2021: 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 2022 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 2022 - 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 2021	1,282,157	32,455,657	118,442	1,072,604	34,928,860
Transfers	-	194,915	-	(194,915)	-
Additions	-	378,797	-	1,596,335	1,975,132
<b>At 31 December 2021</b>	<b>1,282,157</b>	<b>33,029,369</b>	<b>118,442</b>	<b>2,474,024</b>	<b>36,903,992</b>
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>
<b>Accumulated depreciation</b>					
At 1 January 2021	882,157	25,424,254	118,442	-	26,424,853
Charge for the year	-	1,144,322	-	-	1,144,322
At 31 December 2021	882,157	26,568,576	118,442	-	27,569,175
Charge for the year	-	1,204,646	-	-	<b>1,204,646</b>
<b>At 31 December 2022</b>	<b>882,157</b>	<b>27,773,222</b>	<b>118,442</b>	<b>-</b>	<b>28,773,821</b>
<b>Net book amount</b>					
<b>At 31 December 2022</b>	<b>400,000</b>	<b>7,646,510</b>	<b>-</b>	<b>1,471,848</b>	<b>9,518,358</b>
At 31 December 2021	400,000	6,460,793	-	2,474,024	9,334,817

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - continued

### 12 Intangible assets

	Software licences £
<b>Cost</b>	
At 1 January 2021	155,078
Additions	16,981
At 31 December 2021	172,059
Additions	5,726
<b>At 31 December 2022</b>	<b>177,785</b>
<b>Accumulated amortisation</b>	
At 1 January 2021	148,114
Charge for the year	19,700
At 31 December 2021	167,814
Charge for the year	4,881
<b>At 31 December 2022</b>	<b>172,695</b>
<b>Net book amount</b>	
<b>At 31 December 2022</b>	<b>5,090</b>
At 31 December 2021	4,245

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 2021, 31 December 2021 and 31 December 2022</b>	<b>7</b>

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

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - continued

### 14 Inventories

	2022	2021
	£	£
Raw materials and consumables	21,496,592	30,615,839
Finished goods and goods for resale	10,162,807	15,610,355
	<b>31,659,399</b>	<b>46,226,194</b>

### 15 Trade and other receivables

	2022	2021
	£	£
Trade receivables	6,790,217	16,635,425
Amounts owed by group undertakings	47,614,852	18,583,536
Other receivables	11,514,344	9,357,840
Prepayments and accrued income	363,176	222,879
	<b>66,282,589</b>	<b>44,799,680</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 (£40.8m) on an ageing basis in 2023. 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 include both are in various currencies with £15.9 million (pounds) and £31.6 million (Euro equivalent) in 2022 while in 2021 is £10.9 million and £7.7 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 (2021: £nil).

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - 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 £19,200,991 (2021 £33,847,965) and €6,011,245 (2021 €16,203,041) and the amounts of reserves recognised are £2,176,112 (2021 £3,836,103) and €781,462 (2021 €2,106,527). 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:

	2022 £	2021 £
Pounds	3,578,315	10,679,877
Euro	3,211,902	5,955,548
	<b>6,790,217</b>	<b>16,635,425</b>

The company does not (2021 same) hold any collateral or other credit enhancements over any of its trade receivables. The directors have not (2021 same) identified any material amounts of expected credit loss.

The other classes within trade and other receivables do not (2021 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

	2022 £	2021 £
Cash at bank and in hand	10,488,496	14,869,212

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - continued

### 17 Trade and other payables

	2022	2021
	£	£
Trade payables	5,710,854	2,748,319
Amounts owed to group undertakings (trading balances)	52,259,426	56,179,824
Other payables	3,050,468	8,859,919
Social security and other taxes	202,773	206,535
Lease liabilities (note 23)	29,048	21,980
Accruals and deferred income	1,416,583	1,744,206
	<b>62,669,152</b>	<b>69,760,783</b>

Amounts owed to Metinvest group undertakings are unsecured, interest bearing and repayable on demand.

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 / (liability)

	2022	2021
	£	£
Corporation tax	1,166,884	(62,862)
	<b>1,166,884</b>	<b>(62,862)</b>

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 – continued

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

	2022	2021
	£	£
Lease liabilities (note 23)	257,544	439,491
	<b>257,544</b>	<b>439,491</b>

### 20 Deferred tax liability

	Deferred taxation £
At 1 January 2021	397,384
Adjustment in respect of prior years	1,004
Credit to the statement of comprehensive income for the year	1,023,956
At 31 December 2021	1,422,344
Adjustment in respect of prior years	(4,656)
Charge to the statement of comprehensive income for the year	58,691
<b>At 31 December 2022</b>	<b>1,476,379</b>

The elements of deferred taxation are as follows:

	2022	2021
	£	£
Accelerated tax depreciation	1,600,741	1,428,174
Temporary differences trading	(124,362)	(5,830)
Losses	-	-
	<b>1,476,379</b>	<b>1,422,344</b>

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 - continued

### 20 Deferred tax liability (continued)

#### Deferred tax assets

	2022	2021
	£	£
Recoverable after 12 months	-	-

#### Deferred tax liabilities

	2022	2021
	£	£
Payable within 12 months	1,476,379	1,422,344

### 21 Ordinary shares

	Number of shares	Ordinary shares £
Authorised, called up and issued £1 ordinary shares (fully paid)		
At 1 January 2021, 31 December 2021 and 31 December 2022	2,500,000	2,500,000

### 22 Financial instruments by category

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

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 – continued

### 22 Financial instruments by category (continued)

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

<b>By category</b>	<b>Financial assets at amortised cost</b>
	<b>£'000</b>
<b>At 31 December 2021</b>	
<b>Financial assets at amortised cost</b>	
Trade and other receivables	44,577
Cash and cash equivalents	14,869
	<b>59,446</b>

<b>By category</b>	<b>Other financial liabilities</b>
	<b>£'000</b>
<b>At 31 December 2021</b>	
<b>Financial liabilities at amortised cost</b>	
Borrowings	-
Trade and other payables	69,761
	<b>69,761</b>

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022

– 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 2022	31 Dec 2021
	£	£
Right of use assets		
Vehicles	243,108	391,916
Cars	20,778	41,921
	<b>263,886</b>	<b>433,837</b>

During the year additions to right-of-use assets were £nil (2021: £18,270). Depreciation of £148,808 (2021: £156,256) was charged on vehicles and £21,143 (2021: 23,449) on cars.

	31 Dec 2022	31 Dec 2021
	£	£
Lease liabilities		
Current (note 17)	29,048	21,980
Non Current (note 19)	257,544	439,491
	<b>286,592</b>	<b>461,471</b>

During the year, the total cash outflow in respect of leases was £197,953 (2021: £210,433) with £23,073 (2021: £31,487) of interest charged.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 – 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:

	2022	2021
	£	£
Contracted	207,900	683,989

### 25 Cash generated from operations

	2022	2021
	£	£
Operating profit	14,703,128	16,329,369
Adjustments for:		
Amortisation	4,881	19,700
Depreciation	1,204,646	1,144,322
Changes in working capital:		
Decrease / (Increase) in inventories	14,566,795	(14,308,289)
(Increase) in trade and other receivables	(21,482,909)	(21,812,108)
(Decrease) / Increase in trade and other payables	(7,103,627)	30,738,995
<b>Cash generated from operations</b>	<b>1,892,914</b>	<b>12,111,989</b>

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2022 – continued

### 26 Related party transactions

The company is a subsidiary undertaking of Metinvest Trameal 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:

	2022 £	2021 £
<b>Purchases of raw materials -</b> Entities under common control	<b>28,419,227</b>	128,894,553
<b>Goods purchased for resale -</b> Entities under common control (Restated prior year)	<b>1,897,177</b>	43,571,089
<b>Agents commission -</b> Entities under common control (Restated prior year)	<b>154,437</b>	160,573
<b>Recharges -</b> Entities under common control	<b>32,599,449</b>	21,782,670

Goods purchased for resale from entities under common control (previously presented as £90.4 million) and Agents commission from entities under common control (previously not presented) have been restated for 2021. The reason for the restatement is explained in note 3.

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

	2022 £	2021 £
<b>Assets:</b> Entities under common control	<b>47,614,852</b>	18,583,536
<b>Liabilities:</b> Entities under common control	<b>52,259,426</b>	56,179,824

# **Spartan UK Limited**

## **Notes to the financial statements for the year ended 31 December 2022 - 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**

There are no post balance sheet events.

Company registration number 04140355 (England and Wales)

**SPARTAN UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

# SPARTAN UK LIMITED

## COMPANY INFORMATION

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**Directors**

I Dankova  
D Nikolayenko

**Secretary**

Beach Secretaries Limited

**Company number**

04140355

**Registered office**

Ropery Road  
Teams  
Gateshead  
Tyne & Wear  
NE8 2RD

**Auditor**

Azets Audit Services  
Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

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# SPARTAN UK LIMITED

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# SPARTAN UK LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2024

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The directors present the strategic report for the year ended 31 December 2024.

#### **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 30.2% compared to 2023 to £114.9m (from £164.5m). The volume of Spartan's plate sales decreased steadily over the year with a significant fall in demand for the second half of the year. This was due to both a downturn in the market, particularly in Europe, and in the UK an influx of cheap imports due to global over capacity.

A profit before tax of £2.2m was recorded for the year, this was largely due to the recovery of raw material stock previously written off in full, in 2022, as it was thought to be irrecoverable. A vessel containing raw materials (£8.8m cost) bound for Spartan had been held in the port of Odessa since the start of the war in Ukraine. This stock was successfully delivered to the port of Sunderland in March 2024, after incurring legal fees and increased transport costs.

The balance sheet at 31 December 2024 shows a decrease in net assets by £8.3m, considering dividends declared in December 2024 amounting to £10.0m and a net profit amounting to £1.7m.

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

The sourcing of raw materials from third party suppliers to maintain normal operations has again proved sustainable in 2024.

#### **Principal risks and uncertainties**

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

##### **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 2024 this positioning has helped to maintain the level of business achieved in a difficult market.
- 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. The company has secured a regular supply of raw materials at competitive prices from a range of global suppliers to maintain its operations. This move to a global supply base with longer lead times has led to an increase in the average raw material stock held to ensure constant supply whilst considering variable lead times.
- 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 decreased 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.

# SPARTAN UK LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2024**

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### Key performance indicators

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 £662 during 2024 (2023: £756). Production volume decreased to 153kt (2023: 195kt) as market demand weakened. Carbon emissions per tonne remained constant at 0.12tCO<sub>2</sub>eq (2023: 0.11tCO<sub>2</sub>eq) and gas efficiency dropped slightly to 50.1m<sup>3</sup>/t (2023: 47.8m<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 statement

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:

#### 1. Long term consequences:

The company continues to make both investment and operational decisions for the long term future.

#### 2. Interest of Employees:

A comprehensive employee engagement scheme is in place and the company continues to invest in training and development 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.

On behalf of the board



I Dankova  
**Director**

30 June 2025

# SPARTAN UK LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2024

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The directors present their annual report and audited financial statements of the company for the year ended 31 December 2024.

#### **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.

#### **Results and dividends**

The results for the year are set out on page 10.

The directors do not recommend a dividend based on 2024 financial results, a dividend of £10m in relation to the prior period results was declared in December 2024 (2023: £20m).

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

I Dankova  
D Nikolayenko

#### **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.

#### **Financial instruments**

##### ***Financial risk management***

Information in relation to the company's financial risk management is set out in the notes to the financial statements.

#### **Future developments**

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

#### **Auditor**

In accordance with the company's articles, a resolution proposing that Azets Audit Services be reappointed as auditor of the company will be put at a General Meeting.

# SPARTAN UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### Energy and carbon report

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.

	<b>2024</b>	<b>2023</b>
	<b>metric</b>	<b>metric</b>
	<b>tonnes</b>	<b>tonnes</b>
<i>Emissions of CO<sub>2</sub> equivalent (measured in tonnes of CO<sub>2</sub> equivalent – tCO<sub>2</sub>eq)</i>		
Scope 1 - direct emissions		
- Gas combustion	16,900.00	20,004.00
	<hr/>	<hr/>
	16,900.00	20,004.00
Scope 2 - indirect emissions		
- Electricity purchased	1,537.55	1,712.00
	<hr/>	<hr/>
Total gross emissions	18,437.55	21,716.00
	<hr/> <hr/>	<hr/> <hr/>
<i>Intensity ratio</i>		
Per tonne of plate produced	0.12	0.11
	<hr/> <hr/>	<hr/> <hr/>

#### Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

#### Intensity measurement

The chosen intensity measurement ratio (tCO<sub>2</sub>eq by reference to other business metrics) is total gross emissions in metric tonnes CO<sub>2</sub>e per tonne of plate produced, the recommended ratio for the sector.

# SPARTAN UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2024**

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### Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



I Dankova  
**Director**

30 June 2025

# **SPARTAN UK LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2024***

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The directors are responsible for preparing the annual 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 International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# SPARTAN UK LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SPARTAN UK LIMITED

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### Opinion

We have audited the financial statements of Spartan UK Limited (the 'company') for the year ended 31 December 2024 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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.

### 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.

# SPARTAN UK LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SPARTAN UK LIMITED

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### **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.

# SPARTAN UK LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF SPARTAN UK LIMITED

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#### **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.

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.

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.

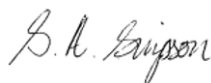
In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- 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.



**Sarah Simpson FCA (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

30 June 2025

**Chartered Accountants**  
**Statutory Auditor**

Bulman House  
Regent Centre  
Gosforth  
Newcastle upon Tyne  
NE3 3LS

# SPARTAN UK LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £	2023 £
Revenue	4	114,878,097	164,531,818
Cost of sales (including exceptional stock credit - note 4)		(97,682,696)	(143,773,463)
<b>Gross profit</b>		17,195,401	20,758,355
Distribution costs		(4,589,831)	(7,497,274)
Administrative expenses		(8,396,480)	(5,396,635)
Other operating expenses		(38,266)	(208,557)
<b>Operating profit</b>	5	4,170,824	7,655,889
Finance income	9	14,730	66,108
Finance costs	10	(1,968,742)	(1,847,158)
<b>Profit before taxation</b>		2,216,812	5,874,839
Income tax expense	11	(550,245)	(1,412,144)
<b>Profit and total comprehensive income for the year</b>		1,666,567	4,462,695

All amounts above relate to continuing operations.

# SPARTAN UK LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 £	2023 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	12	1,272	3,181
Property, plant and equipment	13	7,872,894	8,431,085
Right-of-use assets	13	323,546	405,436
Investments	14	7	7
		<u>8,197,719</u>	<u>8,839,709</u>
<b>Current assets</b>			
Inventories	16	32,309,553	35,324,066
Trade and other receivables	17	46,502,533	39,866,311
Current tax recoverable		705,604	1,319,555
Cash and cash equivalents		34,554,231	42,538,034
		<u>114,071,921</u>	<u>119,047,966</u>
<b>Total assets</b>		<u>122,269,640</u>	<u>127,887,675</u>
<b>EQUITY</b>			
Called up share capital	25	2,500,000	2,500,000
Retained earnings		28,610,896	36,944,329
<b>Total equity</b>		<u>31,110,896</u>	<u>39,444,329</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	22	280,193	428,089
Deferred tax liabilities	23	1,224,045	1,291,193
		<u>1,504,238</u>	<u>1,719,282</u>
<b>Current liabilities</b>			
Trade and other payables	21	89,508,543	86,721,295
Lease liabilities	22	145,963	2,769
		<u>89,654,506</u>	<u>86,724,064</u>
<b>Total liabilities</b>		<u>91,158,744</u>	<u>88,443,346</u>
<b>Total equity and liabilities</b>		<u>122,269,640</u>	<u>127,887,675</u>

# SPARTAN UK LIMITED

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

**AS AT 31 DECEMBER 2024**

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The financial statements were approved by the board of directors and authorised for issue on 30 June 2025 and are signed on its behalf by:

I Dankova  
Director



**Company registration number 04140355**

# SPARTAN UK LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

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	Share capital £	Retained earnings £	Total £
<b>Balance at 1 January 2023</b>	2,500,000	52,481,634	54,981,634
<b>Year ended 31 December 2023:</b>			
Profit and total comprehensive income for the year	-	4,462,695	4,462,695
Transactions with owners in their capacity as owners: Dividends	-	(20,000,000)	(20,000,000)
<b>Balance at 31 December 2023</b>	<u>2,500,000</u>	<u>36,944,329</u>	<u>39,444,329</u>
<b>Year ended 31 December 2024:</b>			
Profit and total comprehensive income for the year	-	1,666,567	1,666,567
Transactions with owners in their capacity as owners: Dividends	-	(10,000,000)	(10,000,000)
<b>Balance at 31 December 2024</b>	<u><u>2,500,000</u></u>	<u><u>28,610,896</u></u>	<u><u>31,110,896</u></u>

# SPARTAN UK LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024		2023	
		£	£	£	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	30		(5,189,199)		35,770,269
Interest paid			(1,968,742)		(1,847,158)
Income taxes paid			(3,442)		(1,750,000)
			<u>                    </u>		<u>                    </u>
<b>Net cash (outflow)/inflow from operating activities</b>			(7,161,383)		32,173,111
<b>Investing activities</b>					
Purchase of property, plant and equipment		(707,994)		(189,681)	
Interest received		14,714		66,089	
Dividends received		16		19	
		<u>                    </u>		<u>                    </u>	
<b>Net cash used in investing activities</b>			(693,264)		(123,573)
<b>Financing activities</b>					
Payment of lease liabilities		(129,156)		-	
		<u>                    </u>		<u>                    </u>	
<b>Net cash used in financing activities</b>			(129,156)		-
			<u>                    </u>		<u>                    </u>
<b>Net (decrease)/increase in cash and cash equivalents</b>			(7,983,803)		32,049,538
Cash and cash equivalents at beginning of year			42,538,034		10,488,496
			<u>                    </u>		<u>                    </u>
Cash and cash equivalents at end of year			34,554,231		42,538,034
			<u>                    </u>		<u>                    </u>

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 1 Accounting policies

##### Company information

Spartan UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ropery Road, Teams, Gateshead, Tyne & Wear, NE8 2RD. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### 1.2 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.

At 31 December 2024 the company had net current assets of £24.4m, including cash of £34.6m. The company meets its day-to-day working capital requirements through cash generated from operations and a debt factoring facility. The company has prepared updated cash flow forecasts for a period of 12 months from date of approval of these financial statements, based on conservative and worst-case scenarios. 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. In addition, Metinvest Tramelal have indicated they will support the company for a period of, at least, 12 months from the approval of the financial statements if required

#### 1.3 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.

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.

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 1 Accounting policies

(Continued)

##### 1.4 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 three years. Amortisation is charged to the statement of comprehensive income within administrative expenses.

##### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. 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 recognised so as to write off the cost or valuation of assets less their residual values over their useful 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
Fixtures, fittings and equipment	3 years
Plant and machinery	8 - 28 years
Leased vehicles and cars	3 - 5 years

Freehold land and assets in the course of construction are not depreciated.

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

##### 1.6 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.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

##### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 1 Accounting policies

(Continued)

##### 1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

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.

##### ***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognised initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

##### ***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

##### ***Impairment of financial assets***

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### 1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 1 Accounting policies

(Continued)

##### **Other financial liabilities**

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

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.

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 1 Accounting policies

(Continued)

##### 1.12 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.

##### 1.13 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

##### 1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in the statement of comprehensive income.

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 2 Adoption of new and revised standards and changes in accounting policies

The company has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2024:

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 Climate-related Disclosures
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

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.

#### Standards which are in issue but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 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.

#### 3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

##### Critical judgements

###### 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 (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 4 Revenue

	<b>2024</b>	<b>2023</b>
	£	£
<b>Revenue analysed by class of business</b>		
Plates	102,357,761	157,140,933
Traded Products	8,516,140	1,442,892
Scrap	3,611,840	5,893,299
Others	392,356	54,694
	<u>114,878,097</u>	<u>164,531,818</u>
	<u>114,878,097</u>	<u>164,531,818</u>
	<b>2024</b>	<b>2023</b>
	£	£
<b>Revenue analysed by geographical market</b>		
UK	82,440,683	103,452,909
Europe	32,437,414	61,078,909
	<u>114,878,097</u>	<u>164,531,818</u>
	<u>114,878,097</u>	<u>164,531,818</u>

All revenue is recognised at a point in time.

### 5 Operating profit

	<b>2024</b>	<b>2023</b>
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(326,712)	281,929
Depreciation of property, plant and equipment and ROU assets	1,472,529	1,409,277
Amortisation of intangible assets	1,909	1,909
Cost of inventories recognised as an expense	96,245,058	140,213,360
Exceptional reversal of prior period stock provision	(8,842,265)	-
	<u>94,590,519</u>	<u>142,906,475</u>
	<u>94,590,519</u>	<u>142,906,475</u>

### 6 Auditor's remuneration

	<b>2024</b>	<b>2023</b>
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	60,500	56,000
	<u>60,500</u>	<u>56,000</u>
	<u>60,500</u>	<u>56,000</u>

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
Management and administration	45	43
Production	75	71
Total	<u>120</u>	<u>114</u>

Their aggregate remuneration comprised:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Wages and salaries	5,866,037	6,087,899
Social security costs	591,385	645,825
Pension costs	214,962	210,640
	<u>6,672,384</u>	<u>6,944,364</u>

### 8 Directors' remuneration

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	<u>-</u>	<u>-</u>

Total emoluments for the highest paid director were £nil (2023: £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 of the directors under money purchase schemes (2023: none).

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

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

(Continued)

### 9 Finance income

	2024 £	2023 £
<b>Interest income</b>		
Financial instruments measured at amortised cost:		
Bank deposits	372	3,448
Other interest income on financial assets	14,342	62,641
	<u>14,714</u>	<u>66,089</u>
<b>Other income</b>		
Dividends from shares in group undertakings	16	19
	<u>14,730</u>	<u>66,108</u>

### 10 Finance costs

	2024 £	2023 £
Interest on lease liabilities	39,051	45,645
Interest on invoice finance arrangements	1,294,053	1,647,869
Other interest payable	635,638	153,644
	<u>1,968,742</u>	<u>1,847,158</u>

### 11 Income tax expense

	2024 £	2023 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	515,919	1,508,548
Adjustments in respect of prior periods	101,474	88,782
	<u>617,393</u>	<u>1,597,330</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	41,379	(116,740)
Changes in tax rates	-	(7,343)
Adjustment in respect of prior periods	(108,527)	(61,103)
	<u>(67,148)</u>	<u>(185,186)</u>
<b>Total tax charge</b>	<u>550,245</u>	<u>1,412,144</u>

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 11 Income tax expense

(Continued)

The charge for the year can be reconciled to the profit per the income statement as follows:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Profit before taxation	2,216,812	5,874,839
Expected tax charge based on a corporation tax rate of 25.00% (2023: 23.52%)	554,203	1,381,762
Effect of expenses not deductible in determining taxable profit	3,099	10,050
Income not taxable	(4)	(4)
Adjustment in respect of prior years	(7,053)	27,679
Effect of change in UK corporation tax rate	-	(7,343)
<b>Taxation charge for the year</b>	<b>550,245</b>	<b>1,412,144</b>

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 12 Intangible assets

	Software licences £
<b>Cost</b>	
At 1 January 2023	177,785
At 31 December 2023	177,785
At 31 December 2024	177,785
<b>Amortisation and impairment</b>	
At 1 January 2023	172,695
Charge for the year	1,909
At 31 December 2023	174,604
Charge for the year	1,909
At 31 December 2024	176,513
<b>Carrying amount</b>	
At 31 December 2024	1,272
At 31 December 2023	3,181

Amortisation is included within administrative expenses in the Statement of Comprehensive Income.

### 13 Property, plant and equipment

	Freehold buildings	Assets under construction	Plant and machinery	Fixtures, fittings and equipment	Leased vehicles and cars	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2023	1,282,157	1,471,848	35,419,732	118,442	974,219	39,266,398
Additions	-	16,809	172,872	-	292,936	482,617
Transfers	-	(787,580)	787,580	-	-	-
At 31 December 2023	1,282,157	701,077	36,380,184	118,442	1,267,155	39,749,015
Additions	-	413,291	294,703	-	124,454	832,448
At 31 December 2024	1,282,157	1,114,368	36,674,887	118,442	1,391,609	40,581,463
<b>Accumulated depreciation and impairment</b>						
At 1 January 2023	882,157	-	27,773,222	118,442	729,396	29,503,217
Charge for the year	-	-	1,276,954	-	132,323	1,409,277
At 31 December 2023	882,157	-	29,050,176	118,442	861,719	30,912,494
Charge for the year	-	-	1,266,185	-	206,344	1,472,529
At 31 December 2024	882,157	-	30,316,361	118,442	1,068,063	32,385,023

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 13 Property, plant and equipment (Continued)

	Freehold buildings	Assets under construction	Plant and machinery	Fixtures, fittings and equipment	Leased vehicles and cars	Total
	£	£	£	£	£	£
<b>Carrying amount analysed between owned assets and right-of-use assets</b>						
<b>At 31 December 2024</b>						
Owned assets	400,000	1,114,368	6,358,526	-	-	7,872,894
Right-of-use assets	-	-	-	-	323,546	323,546
	<u>400,000</u>	<u>1,114,368</u>	<u>6,358,526</u>	<u>-</u>	<u>323,546</u>	<u>8,196,440</u>
<b>At 31 December 2023</b>						
Owned assets	400,000	701,077	7,330,008	-	-	8,431,085
Right-of-use assets	-	-	-	-	405,436	405,436
	<u>400,000</u>	<u>701,077</u>	<u>7,330,008</u>	<u>-</u>	<u>405,436</u>	<u>8,836,521</u>

Property, plant and equipment includes right-of-use assets, as follows:

<b>Right-of-use assets</b>	<b>2024</b>	<b>2023</b>
	£	£
<b>Net values at the year end</b>		
Leased vehicles and cars	323,546	405,436
	<u>323,546</u>	<u>405,436</u>
<b>Total additions in the year</b>	124,454	292,936
	<u>124,454</u>	<u>292,936</u>
<b>Depreciation charge for the year</b>		
Leased vehicles and cars	206,344	132,323
	<u>206,344</u>	<u>132,323</u>

### 14 Investments

	<b>Current</b>		<b>Non-current</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	£	£	£	£
Shares in group undertakings	-	-	7	7
	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>

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

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 15 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.

#### 16 Inventories

	2024	2023
	£	£
Raw materials and consumables	24,883,276	26,816,561
Finished goods and goods for resale	7,426,277	8,507,505
	<u>32,309,553</u>	<u>35,324,066</u>

The company reversed £8.8m of previously provided for stock, following successful recovery of the stock in 2024. The stock was previously thought irrecoverable as it had been held in the port of Odessa since the start of the war in Ukraine. The amount reversed has been included in cost of sales in the statement of comprehensive income.

#### 17 Trade and other receivables

	2024	2023
	£	£
Trade receivables	1,471,141	5,781,936
Amounts owed by group undertakings	39,486,038	30,200,600
Other receivables	5,167,870	3,805,052
Prepayments	377,484	78,723
	<u>46,502,533</u>	<u>39,866,311</u>

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2024

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#### 17 Trade and other receivables

(Continued)

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 (£72.2m) on an ageing basis in 2025. 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 various currencies with £17.2m (GBP) £4.3m (USD equivalent) and £17.9m (Euro equivalent) in 2024 while in 2023 is £nil (USD equivalent) and £30.2m (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 1. 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 (2023: £nil).

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 £12,090,105 (2023: £18,918,072) and €142,883 (2023: €6,688,488) and the amounts of reserves recognised are £1,483,424 (2023: £2,144,048) and €142,883 (2023: €869,100). 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 pounds £1,483,424 (2023: £4,222,926) and Euros €107,717 (2023: €1,557,010).

#### 18 Trade receivables - credit risk

##### Fair value of trade receivables

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

No significant receivable balances are impaired at the reporting end date.

The company does not (2023: same) hold any collateral or other credit enhancements over any of its trade receivables. The directors have not (2023: same) identified any material amounts of expected credit loss.

The other classes within trade and other receivables do not (2023: 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.

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2024

#### 19 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 following table details the remaining contractual maturity for the company's financial liabilities with agreed repayment periods. The contractual maturity is based on the earliest date on which the company may be required to pay.

	Less than 1 year £	Between 2-5 years £	Total £
<b>At 31 December 2023</b>			
Trade and other payables	86,495,099	428,089	86,923,188
	<u>86,495,099</u>	<u>428,089</u>	<u>86,923,188</u>
	<u><u>86,495,099</u></u>	<u><u>428,089</u></u>	<u><u>86,923,188</u></u>
<b>At 31 December 2024</b>			
Trade and other payables	89,508,543	280,193	89,788,736
	<u>89,508,543</u>	<u>280,193</u>	<u>89,788,736</u>
	<u><u>89,508,543</u></u>	<u><u>280,193</u></u>	<u><u>89,788,736</u></u>

#### 20 Market risk

##### Foreign exchange 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 2024, if the Euro had weakened/strengthened by 5% (2023: 5%) against the pound with all other variables held constant, post-tax profit for the year would have been £660,058 (2023: £401,956) lower/higher, mainly as a result of foreign exchange loss/gain on translation of euro-denominated trade receivables.

At 31 December 2024, if the US dollar had weakened/strengthened by 5% (2023: 5%) against the pound with all other variables held constant, post-tax profit for the year would have been £1,421,738 (2023: £93,732) lower/higher, mainly as a result of foreign exchange loss/gain on translation of dollar-denominated bank balance.

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2024

#### 20 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:

	2024			2023		
	Tons	Value	£/ton	Tons	Value	£/ton
Slab stock	43,100	20,636,492	479	42,745	22,450,571	525
Spare parts	-	4,413,630	-	-	4,365,990	-
Plate stock	11,574	7,259,430	627	8,703	5,897,562	678
Traded stock	-	-	-	3,702	2,609,943	705

The weighted average purchase price for slabs in 2024 was £517/ton (2023: £564/ton). The average net selling price in January 2025 was £603/ton (January 2024: £668/ton) which would give a plate stock impairment of £280,545 (2023: £84,045). Average selling prices increased to £635/ton in May 2025.

#### 21 Trade and other payables

	2024	2023
	£	£
Trade payables	12,257,384	2,810,140
Amounts owed to fellow group undertakings	72,204,701	77,008,523
Accruals	1,373,945	1,185,092
Social security and other taxation	224,035	228,962
Other payables	3,448,478	5,488,578
	89,508,543	86,721,295

Amounts owed to Metinvest group undertakings are unsecured, interest free and repayable on demand.

Amounts owed to group undertakings includes £10.0m (2023: £20.0m) in relation to dividends declared but not yet paid.

Other payables includes the amount owed to the factoring company as part of the factoring arrangement which is noted in note 17.

#### 22 Lease liabilities

	2024	2023
	£	£
<b>Maturity analysis</b>		
Within one year	145,963	2,769
In two to five years	280,193	428,089
	426,156	430,858

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 22 Lease liabilities

(Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	<b>2024</b>	<b>2023</b>
	£	£
Current liabilities	145,963	2,769
Non-current liabilities	280,193	428,089
	<u>426,156</u>	<u>430,858</u>

	<b>2024</b>	<b>2023</b>
	£	£
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>39,051</u>	<u>45,645</u>

### 23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	<b>Deferred taxation</b>
	£
Liability at 1 January 2023	1,476,379
<b>Deferred tax movements in prior year</b>	
Charge/(credit) to profit or loss	<u>(185,186)</u>
Liability at 1 January 2024	1,291,193
<b>Deferred tax movements in current year</b>	
Charge/(credit) to profit or loss	<u>(67,148)</u>
Liability at 31 December 2024	<u>1,224,045</u>

The above balance includes £1,233,814 (2023: £1,299,015) in relation to fixed assets timing differences and a deferred tax asset of £9,769 (2023: £7,822) relating to temporary trading differences.

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 24 Retirement benefit schemes

	2024	2023
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	214,962	210,640

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 25 Share capital

	2024	2023	2024	2023
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Authorised, called up and issued ordinary shares (fully paid) of £1 each	2,500,000	2,500,000	2,500,000	2,500,000

### 26 Capital commitments

	2024	2023
	£	£
At 31 December 2024 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	63,854	149,600

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2024

#### 27 Capital risk 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 below.

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 year. It also has extended credit on raw material purchases from within the Meinvest Group. The company monitors its capital risk through various ratios.

	2024	2023
	£	£
Total equity	<b>31,110,896</b>	39,444,329
Total assets	<b>122,269,640</b>	127,887,675
Group payable balance	<b>72,204,701</b>	77,008,523
Interest payable	<b>1,968,742</b>	1,847,158
EBITDA	<b>5,645,262</b>	8,934,752
Total equity/total assets	<b>25.4%</b>	30.8%
Group payable balance/EBITDA (times)	<b>12.8</b>	8.6
EBITDA/Interest cost (times)	<b>2.9</b>	4.8

The company is not subject to any externally imposed capital requirements.

#### 28 Related party transactions

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

During the year the company entered into the following transactions with companies wholly owned within the Meinvest Group:

	Dividends declared		Purchase of raw materials and goods for resale	
	2024	2023	2024	2023
	£	£	£	£
Parent company	10,000,000	20,000,000	47,796,218	28,812,659

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 28 Related party transactions (Continued)

	Agents commission		Recharges	
	2024	2023	2024	2023
	£	£	£	£
Parent company	-	33,512	6,622,125	19,444,767

The following amounts were outstanding at the reporting end date:

	2024	2023
	£	£
<b>Amounts due to related parties</b>		
Related parties	(72,204,701)	(77,008,523)

The following amounts were outstanding at the reporting end date:

	2024	2023
	£	£
<b>Amounts due from related parties</b>		
Related parties	39,486,038	30,200,600

### 29 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").

# SPARTAN UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

### 30 Cash (absorbed by)/generated from operations

	2024 £	2023 £
Profit for the year before income tax	2,216,812	5,874,839
<b>Adjustments for:</b>		
Finance costs	1,968,742	1,847,158
Investment income	(14,730)	(66,108)
Dividends declared not yet paid	(10,000,000)	(20,000,000)
Amortisation and impairment of intangible assets	1,909	1,909
Depreciation and impairment of property, plant and equipment	1,472,529	1,276,954
<b>Movements in working capital:</b>		
Decrease/(increase) in inventories	3,014,513	(3,664,667)
(Increase)/decrease in trade and other receivables	(6,636,222)	26,416,278
Increase in trade and other payables	2,787,248	24,083,906
<b>Cash (absorbed by)/generated from operations</b>	<u>(5,189,199)</u>	<u>35,770,269</u>

### 31 Analysis of changes in net funds

	1 January 2024 £	Cash flows £	New finance leases £	Other non- cash changes £	31 December 2024 £
Cash at bank and in hand	42,538,034	(7,983,803)	-	-	34,554,231
Obligations under finance leases	(430,858)	4,702	(124,454)	124,454	(426,156)
	<u>42,107,176</u>	<u>(7,979,101)</u>	<u>(124,454)</u>	<u>124,454</u>	<u>34,128,075</u>
<b>Prior year:</b>					
	1 January 2023 £	Cash flows £	New finance leases £	Other non- cash changes £	31 December 2023 £
Cash at bank and in hand	10,488,496	32,049,538	-	-	42,538,034
Obligations under finance leases	(286,592)	(144,266)	(292,936)	292,936	(430,858)
	<u>10,201,904</u>	<u>31,905,272</u>	<u>(292,936)</u>	<u>292,936</u>	<u>42,107,176</u>

Spartan UK Limited  
Annual report and financial statements  
for the year ended 31 December 2021

**Registered number 04140355**

# Spartan UK Limited

## Annual report and financial statements

### for the year ended 31 December 2021

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# Spartan UK Limited

## Strategic report for the year ended 31 December 2021

### Business review and future developments

The results for the year are set out in the statement of comprehensive income on page 8. Revenue increased by 82% compared to 2020 to £252.0 million from £138.3m. The volume of Spartan's plate sales increased and there was also an increase in the trading of other Metinvest Group products within existing markets. Steel prices of all products increased significantly throughout the year as demand was strong. A profit of £12.4 million was recorded for the year with a loss of £0.3 million in 2020.

The balance sheet at 31 December 2021 shows that the financial position of the company has improved with net assets of £43.9 million (2020: £31.6 million).

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

For 2022 the war in Ukraine has 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 in the first half of 2022. However the selling price of the finished product has also increased in line with this so that satisfactory margins have been maintained.

In 2022 Spartan UK Limited 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 £694 during 2021 (2020: £438).

### 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:

#### 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.

# Spartan UK Limited

## Strategic report for the year ended 31 December 2021 – continued

### Section 172 Companies Act 2006 (continued)

#### 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:

# Spartan UK Limited

## Strategic report for the year ended 31 December 2020 - 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 2021 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 2021 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 2022.

On behalf of the Board

V Dembytskyy  
**Director**

June 28<sup>th</sup>, 2022

# Spartan UK Limited

## Directors' report for the year ended 31 December 2021

The directors present their report and audited financial statements of the company for the year ended 31 December 2021.

### 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 the payment of a dividend (2020: £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:

A Pogozhev – resigned 8 June 2022

I Dankova

V Dembytskyy

### 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 2021 – 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 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.

	<b>2021</b>
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	22,089
Scope 2 emissions – electricity consumed for own use	1,856
Intensity Ratios (tCO <sub>2</sub> eq by reference to other business metrics)	
Per tonne of plate produced	0.11

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

Conversion factors – UK Government GHG Conversion factors for Company Reporting

# Spartan UK Limited

## Directors' report for the year ended 31 December 2021 – 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 UK-adopted international accounting standards.

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 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.

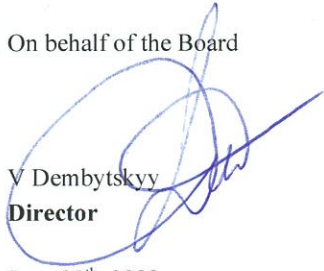
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

  
V Dembytskyy  
Director

June 28<sup>th</sup>, 2022

## **Spartan UK Limited**

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

## Report on the audit of the financial statements

### **Opinion**

In our opinion, Spartan UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; Statement of comprehensive income, Statement of cash flows and Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

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.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## **Spartan UK Limited**

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

### **Reporting on other information (continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Director's report for the year ended 31 December 2021, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic report and Director's report for the year ended 31 December 2021**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Director's report for the year ended 31 December 2021 for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Director's report for the year ended 31 December 2021.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the members for the financial statements**

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

In preparing the financial statements, the members 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 members either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' 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 auditors' 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.

## **Spartan UK Limited**

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

### **Auditors' responsibilities for the audit of the financial statements (continued)**

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Health and safety and environmental legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax and company legislation, including compliance with the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries or through management bias in manipulation of accounting estimates with the aim of increasing revenue or profitability, including the increase of its Earnings Before Interest Tax Depreciation or Amortisation "EBITDA". Audit procedures performed by the engagement team included:

- Discussions with management including those charged with governance, inquiring specifically as to whether there was any known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of board minutes;
- Review of legal expenses in the year to identify potential non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular net realizable value of inventories and impairment of trade receivables; and
- Identifying and testing journal entries in particular any journal entries posted with unusual account combinations, focussing on those that increased revenue or that improved performance at an earnings before interest tax depreciation and amortisation "EBITDA" level.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Spartan UK Limited**

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

## Other required reporting

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of members' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Dawson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Newcastle upon Tyne

28 June 2022

## Spartan UK Limited

### Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £	2020 £
Revenue	3	251,958,651	138,321,531
Cost of sales	4	(222,777,455)	(128,223,623)
<b>Gross profit</b>		<b>29,181,196</b>	10,097,908
Distribution costs	4	(7,198,841)	(5,961,783)
Administrative expenses	4	(5,572,618)	(3,366,162)
Other operating expenses	4	(80,368)	(191,741)
<b>Operating profit</b>		<b>16,329,369</b>	578,222
Finance income	8	9,109	53
Finance costs	9	(648,095)	(893,194)
<b>Profit/(loss) before income tax</b>		<b>15,690,383</b>	(314,919)
Income tax charge/(credit)	10	(3,260,322)	6,024
<b>Profit/(loss) for the year</b>		<b>12,430,061</b>	(308,895)
<b>Total comprehensive profit/(loss) for the year</b>		<b>12,430,061</b>	(308,895)

All amounts above relate to continuing operations.

# Spartan UK Limited

## Balance sheet as at 31 December 2021

	Note	2021 £	2020 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	9,334,817	8,504,007
Right of use assets	23	433,837	595,272
Intangible assets	12	4,245	6,964
Investments	13	7	7
		<b>9,772,906</b>	<b>9,106,250</b>
<b>Current assets</b>			
Inventories	14	46,226,194	31,917,905
Trade and other receivables	15	44,799,680	22,987,572
Cash and cash equivalents	16	14,869,212	7,408,077
Current income tax asset		-	152,745
		<b>105,895,086</b>	<b>62,466,299</b>
<b>Total assets</b>		<b>115,667,992</b>	<b>71,572,549</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	69,760,783	39,002,878
Current income tax liability		62,862	-
Borrowings	18	-	-
		<b>69,823,645</b>	<b>39,002,878</b>
<b>Non-current liabilities</b>			
Creditors: amount falling due after more than one year	19	439,491	619,836
Deferred tax liability	20	1,422,344	397,384
		<b>1,861,835</b>	<b>1,017,220</b>
<b>Total liabilities</b>		<b>71,685,480</b>	<b>40,020,098</b>
<b>Equity</b>			
Ordinary shares	21	2,500,000	2,500,000
Retained earnings		41,482,512	29,052,451
<b>Total equity</b>		<b>43,982,512</b>	<b>31,552,451</b>
<b>Total equity and liabilities</b>		<b>115,667,992</b>	<b>71,572,549</b>

These financial statements on pages 11 to 42 were approved by the Board of directors on June 28<sup>th</sup>, 2022 and were signed on its behalf by:

V Dembytskyy

Director

Registered number: 04140355

## Spartan UK Limited

### Statement of cash flows for the year ended 31 December 2021

	Note	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	25	12,111,989	21,008,643
Corporation tax paid		(2,019,755)	-
Interest paid		(648,095)	(893,194)
<b>Net cash generated from operating activities</b>		<b>9,444,139</b>	<b>20,115,449</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(1,975,132)	(467,589)
Purchases of intangible assets		(16,981)	(18,495)
Interest received		9,012	53
Dividend received		97	-
<b>Net cash used in investing activities</b>		<b>(1,983,004)</b>	<b>(486,031)</b>
<b>Cash flow from financing activities</b>			
Repayment of loan		-	(25,000,000)
<b>Net cash used in financing activities</b>		<b>-</b>	<b>(25,000,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7,461,135</b>	<b>(5,370,582)</b>
Cash and cash equivalents at beginning of year		7,408,077	12,778,659
<b>Cash and cash equivalents at end of year</b>	16	<b>14,869,212</b>	<b>7,408,077</b>

## Spartan UK Limited

### Statement of changes in equity for the year ended 31 December 2021

	Ordinary shares	Retained earnings	Total equity
	£	£	£
At 1 January 2020	2,500,000	29,361,346	31,861,346
Loss for the year and total comprehensive expense	-	(308,895)	(308,895)
At 31 December 2020	2,500,000	29,052,451	31,552,451
Profit for the year and total comprehensive income	-	12,430,061	12,430,061
<b>At 31 December 2021</b>	<b>2,500,000</b>	<b>41,482,512</b>	<b>43,982,512</b>

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021

### 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. 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 updated cash flow forecasts based on a conservative and worst case scenarios. 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.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 - 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.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 - 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 rights-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.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 - 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.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 - 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.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 - 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:

#### *Going concern*

Due to the war in the Ukraine and subsequent supply disruption, management have been successful in sourcing alternative raw material supplies from sources in the UK and Europe. Management are confident that this new arrangement will continue into the future and apply its accounting policies based on this. The company maintains an independent factoring facility and is also not a guarantor to any group liabilities.

#### *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 2021 - continued

### 1 Accounting policies (continued)

#### New standards, amendments and interpretations

The following new standards, amendments to standards and interpretations became effective on 1 January 2021:

- Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7) (issued on 26 September 2019 and effective for annual periods beginning on or after January 1, 2020 and must be applied retrospectively. Early application is permitted.);
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020);
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020);
- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020);
- Covid-19-Related Rent Concessions - Amendment to IFRS 16 (issued on 28 May 2020 and effective for annual reporting periods beginning on or after 1 June 2020).

These standards, amendments to standards and interpretations did not have a material impact on the financial statements.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 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.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 - 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.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2020 – 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 2021</b>		
Borrowings	-	-
Trade and other payables	69,554,248	439,491
<b>At 31 December 2020</b>		
Borrowings	-	-
Trade and other payables	38,810,610	619,836

#### 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 2021, if the Euro had weakened/strengthened by 5% (2020: 5%) against the pound with all other variables held constant, post-tax profit for the year would have been £525,331 (2020: £266,182) lower/higher, mainly as a result of foreign exchange loss/gain on translation of euro-denominated trade receivables.

At 31 December 2021, if the US dollar had weakened/strengthened by 5% (2020: 5%) against the pound with all other variables held constant, post-tax profit for the year would have been £9,921 (2020: £655) lower/higher, mainly as a result of foreign exchange loss/gain on translation of dollar-denominated bank balance.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 – 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:

	2021			2020		
	Tons	Value	£/ton	Tons	Value	£/ton
Slab stock	47,511	26,895,249	566	53,228	20,253,337	380
Spare parts	-	3,720,590	-	-	3,726,293	-
Plate stock	14,274	9,541,989	669	7,655	3,507,309	458
Traded stock	7,170	6,068,366	846	10,268	4,430,966	432

The weighted average purchase price for slabs in 2021 was £632/ton (2020: £459/ton). The average net selling price in January 2022 was £769/ton (2021: £479/ton) which would give a plate stock impairment of £nil (2020: £nil). Average selling prices increased to £1,193/ton in April 2022.

#### 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.

	2021	2020
	£	£
Total equity	43,982,512	31,552,451
Total assets	115,667,992	71,572,549
Group payable balance	56,179,824	33,677,764
Interest payable	648,095	893,194
EBITDA	17,493,391	1,821,285
Total equity/total assets	38.0%	44.1%
Group payable balance/EBITDA (times)	3.2	18.5
EBITDA/Interest cost (times)	27.0	2.0

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 - 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		Total
	2021 UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	
Total revenue	109,184	40,438	49,211	48,323	4,592	-	-	211	251,959
Intercompany	(7,499)	(9,706)	(3,388)	-	-	-	-	(211)	(20,804)
Revenue from external customers	101,685	30,732	45,823	48,323	4,592	-	-	-	231,155
	109,184	40,438	49,211	48,323	4,592	-	-	211	251,959

	Plates		Traded Products		Scrap		Others		Total
	2020 UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	
Total revenue	63,022	36,647	14,082	21,707	2,825	-	-	39	138,322
Intercompany	(1,142)	(5,037)	(126)	-	-	-	-	(39)	(6,344)
Revenue from external customers	61,880	31,610	13,956	21,707	2,825	-	-	-	131,978
	63,022	36,647	14,082	21,707	2,825	-	-	39	138,322

All revenue is recognised at a point in time.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021- continued

### 4 Expenses by nature

	2021	2020
	£	£
Changes in inventories of finished goods and goods for resale	85,746,125	35,071,327
Raw materials and consumables used	123,495,895	79,080,701
Employee benefit expense (note 6)	6,169,153	5,995,417
Depreciation	1,144,322	1,220,300
Amortisation	19,700	22,763
Foreign exchange losses/(gains)	1,162,285	(934,827)
Other expenses	17,891,802	17,287,628
<b>Total cost of sales, distribution costs, administrative expenses and other operating expenses</b>	<b>235,629,282</b>	<b>137,743,309</b>

### 5 Auditors' remuneration

	2021	2020
	£	£
Fees payable in respect of statutory audit	42,375	45,500

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021- 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	
	2021	2020
Management and administration	43	45
Production	71	72
	<b>114</b>	<b>117</b>

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£	£
Wages and salaries	5,399,214	5,253,630
Social security costs	576,993	556,330
Other pension costs	192,946	185,457
	<b>6,169,153</b>	<b>5,995,417</b>

### 7 Remuneration of directors

	2021	2020
	£	£
Aggregate emoluments	-	-

Total emoluments for the highest paid director were £nil (2020: £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 (2020: 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 2021- continued

### 8 Finance income

	2021	2020
	£	£
Bank interest receivable	5	53
Other interest	9,007	-
Dividend income	97	-
	<b>9,109</b>	<b>53</b>

### 9 Finance costs

	2021	2020
	£	£
Interest on bank loan	-	679,768
Interest on factored debt	600,622	43,210
Other interest payable	15,986	116,332
Interest on leases	31,487	53,884
	<b>648,095</b>	<b>893,194</b>

### 10 Income tax charge/(credit)

	2021	2020
	£	£
Current tax:		
Current tax on profit for the year	2,235,362	-
Adjustment in respect of prior years	-	178
<b>Total current tax</b>	<b>2,235,362</b>	<b>178</b>
Deferred tax:		
Current year	682,593	(53,275)
Changes in tax rate	341,363	47,438
Adjustment in respect of prior years	1,004	(365)
<b>Total deferred tax (note 20)</b>	<b>1,024,960</b>	<b>(6,202)</b>
<b>Income tax charge/(credit)</b>	<b>3,260,322</b>	<b>(6,024)</b>

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021- continued

### 10 Income tax charge/(credit) (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:

	2021	2020
	£	£
<b>Profit/(Loss) before income tax</b>	<b>15,690,383</b>	<b>(314,919)</b>
Profit/(Loss) before income tax multiplied by the standard rate of corporation tax in the UK, 19% (2020: 19%)	2,981,173	(59,835)
Effects of:		
Expenses not deductible for tax purposes	4,750	6,561
Changes in tax rate	341,363	47,438
Income not taxable	(706)	-
Enhanced tax depreciation	(67,262)	-
Adjustments in respect of prior years	1,004	(188)
<b>Total tax charge/(credit)</b>	<b>3,260,322</b>	<b>(6,024)</b>

The standard rate of tax applied to reported profit on ordinary activities is 19% (2020: 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 2021 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 2021 - 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 2020	1,282,157	32,083,528	118,442	977,144	34,461,271
Transfers	-	100,765	-	(100,765)	-
Additions	-	271,364	-	196,225	467,589
Disposals	-	-	-	-	-
<b>At 31 December 2020</b>	<b>1,282,157</b>	<b>32,455,657</b>	<b>118,442</b>	<b>1,072,604</b>	<b>34,928,860</b>
Transfers	-	194,915	-	(194,915)	-
Additions	-	378,797	-	1,596,335	1,975,132
Disposals	-	-	-	-	-
<b>At 31 December 2021</b>	<b>1,282,157</b>	<b>33,029,369</b>	<b>118,442</b>	<b>2,474,024</b>	<b>36,903,992</b>
<b>Accumulated depreciation</b>					
At 1 January 2020	882,157	24,203,954	118,442	-	25,204,553
Charge for the year	-	1,220,300	-	-	1,220,300
Disposals	-	-	-	-	-
At 31 December 2020	882,157	25,424,254	118,442	-	26,424,853
Charge for the year	-	1,144,322	-	-	1,144,322
Disposals	-	-	-	-	-
<b>At 31 December 2021</b>	<b>882,157</b>	<b>26,568,576</b>	<b>118,442</b>	<b>-</b>	<b>27,569,175</b>
<b>Net book amount</b>					
<b>At 31 December 2021</b>	<b>400,000</b>	<b>6,460,793</b>	<b>-</b>	<b>2,474,024</b>	<b>9,334,817</b>
At 31 December 2020	400,000	7,031,403	-	1,072,604	8,504,007

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 - continued

### 12 Intangible assets

	Software licences £
<b>Cost</b>	
At 1 January 2020	136,583
Additions	18,495
At 31 December 2020	155,078
Additions	16,981
<b>At 31 December 2021</b>	<b>172,059</b>
<b>Accumulated amortisation</b>	
At 1 January 2020	125,351
Charge for the year	22,763
At 31 December 2020	148,114
Charge for the year	19,700
<b>At 31 December 2021</b>	<b>167,814</b>
<b>Net book amount</b>	
<b>At 31 December 2021</b>	<b>4,245</b>
At 31 December 2020	6,964

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 2020, 31 December 2020 and 31 December 2021</b>	<b>7</b>

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

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 - continued

### 14 Inventories

	2021	2020
	£	£
Raw materials and consumables	30,615,839	23,979,630
Finished goods and goods for resale	15,610,355	7,938,275
	<b>46,226,194</b>	<b>31,917,905</b>

### 15 Trade and other receivables

	2021	2020
	£	£
Trade receivables	16,635,425	12,457,141
Amounts owed by group undertakings	18,583,536	9,528,929
Other receivables	9,357,840	603,090
Prepayments and accrued income	222,879	398,412
	<b>44,799,680</b>	<b>22,987,572</b>

Amounts owed by Metinvest group undertakings are unsecured, interest free and repayable on demand.

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 (2020: £nil).

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

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 - continued

### 15 Trade and other receivables (continued)

which reflect the amount of receivables that show the extent of the company's continuing involvement. The amounts of receivables derecognised are £33,847,965 and €16,203,041 and the amounts of reserves recognised are £3,836,103 and €2,106,527. 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:

	2021 £	2020 £
Pounds	10,679,877	9,683,026
Euro	5,955,548	2,774,115
	<b>16,635,425</b>	<b>12,457,141</b>

The company does not (2020 same) hold any collateral or other credit enhancements over any of its trade receivables. The directors have not (2020 same) identified any material amounts of expected credit loss.

The other classes within trade and other receivables do not (2020 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

	2021 £	2020 £
Cash at bank and in hand	14,869,212	7,408,077

## Spartan UK Limited

### Notes to the financial statements for the year ended 31 December 2021 - continued

#### 17 Trade and other payables

	2021	2020
	£	£
Trade payables	2,748,319	1,880,513
Amounts owed to group undertakings (trading balances)	56,179,824	33,677,764
Other payables	8,859,919	1,711,536
Social security and other taxes	206,535	192,268
Lease liabilities (note 23)	21,980	2,310
Accruals and deferred income	1,744,206	1,538,487
	<b>69,760,783</b>	<b>39,002,878</b>

Amounts owed to Metinvest group undertakings are unsecured, interest bearing and repayable on demand.

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

#### 18 Borrowings

	2021	2020
	£	£
Secured loan	-	-
	-	-

The bank loan was fully repaid by 14<sup>th</sup> October 2020 and was not renewed. The loan was secured by a fixed and floating charge over the company's assets. The loan attracted an interest rate of 4.0%. The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. Movement in the secured loan are as follows:

	2021	2020
	£	£
At 1 January	-	25,000,000
Repayment of bank and institutional loans	-	(25,000,000)
At 31 December	-	-

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 – continued

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

	2021	2020
	£	£
Lease liabilities (note 23)	439,491	619,836
	<b>439,491</b>	<b>619,836</b>

### 20 Deferred tax liability

	Deferred taxation
	£
At 1 January 2020	403,586
Adjustment in respect of prior years	(365)
Credit to the statement of comprehensive income for the year	(5,837)
At 31 December 2020	397,384
Adjustment in respect of prior years	1,004
Charge to the statement of comprehensive income for the year	1,023,956
<b>At 31 December 2021</b>	<b>1,422,344</b>

The elements of deferred taxation are as follows:

	2021	2020
	£	£
Accelerated tax depreciation	1,428,174	810,022
Temporary differences trading	(5,830)	-
Losses	-	(412,638)
	<b>1,422,344</b>	<b>397,384</b>

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 - continued

### 20 Deferred tax liability (continued)

#### Deferred tax assets

	2021	2020
	£	£
Recoverable after 12 months	-	(412,638)

#### Deferred tax liabilities

	2021	2020
	£	£
Payable within 12 months	1,422,344	810,022

### 21 Ordinary shares

	Number of shares	Ordinary shares £
Authorised, called up and issued £1 ordinary shares (fully paid)		
At 1 January 2020, 31 December 2020 and 31 December 2021	2,500,000	2,500,000

### 22 Financial instruments by category

By category	Financial assets at amortised cost £'000
At 31 December 2021	
Financial assets at amortised cost	
Trade and other receivables	44,577
Cash and cash equivalents	14,869
	59,446

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2020– continued

### 22 Financial instruments by category (continued)

By category	Other financial liabilities £'000
<hr/>	
<b>At 31 December 2021</b>	
<b>Financial liabilities at amortised cost</b>	
Borrowings	-
Trade and other payables	69,761
	<hr/>
	<b>69,761</b>

By category	Financial assets at amortised cost £'000
<hr/>	
<b>At 31 December 2020</b>	
<b>Financial assets at amortised cost</b>	
Trade and other receivables	22,589
Cash and cash equivalents	7,408
	<hr/>
	<b>29,997</b>

By category	Other financial liabilities £'000
<hr/>	
<b>At 31 December 2020</b>	
<b>Financial liabilities at amortised cost</b>	
Borrowings	-
Trade and other payables	39,003
	<hr/>
	<b>39,003</b>

# Spartan UK Limited

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

### 2021– 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 2021	31 Dec 2020
	£	£
Right of use assets		
Vehicles	391,916	548,171
Cars	41,921	47,101
	433,837	595,272

During the year additions to right-of-use assets were £18,270 (2020: £313,155). Depreciation of £156,256 (2020: £156,258) was charged on vehicles and £23,449 (2020: 23,593) on cars.

	31 Dec 2021	31 Dec 2020
	£	£
Lease liabilities		
Current (note 17)	21,980	2,310
Non Current (note 19)	439,491	619,836
	461,471	622,146

During the year, the total cash outflow in respect of leases was £210,433 (2020: £206,861) with £31,487 (2020: £53,884) of interest charged.

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021– 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:

	2021	2020
	£	£
Contracted	683,989	145,358

## Spartan UK Limited

### Notes to the financial statements for the year ended 31 December 2021– continued

#### 25 Cash generated from operations

	2021	2020
	£	£
Operating profit	16,329,369	578,222
Adjustments for:		
Amortisation	19,700	22,763
Depreciation	1,144,322	1,220,300
Changes in working capital:		
(Increase) in inventories	(14,308,289)	(10,829,844)
(Increase)/decrease in trade and other receivables	(21,812,108)	18,898,888
Increase in trade and other payables	30,738,995	11,118,314
<b>Cash generated from operations</b>	<b>12,111,989</b>	<b>21,008,643</b>

#### 26 Net debt

	2021	2020
	£	£
Cash in hand, at bank	14,869,212	7,408,077
Bank loan	-	-
	<b>14,869,212</b>	<b>7,408,077</b>

# Spartan UK Limited

## Notes to the financial statements for the year ended 31 December 2021 – continued

### 27 Related party transactions

The company is a subsidiary undertaking of Metinvest Trameal 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:

	2021 £	2020 £
<b>Purchases of raw materials -</b> Entities under common control	128,894,553	88,664,417
<b>Goods purchased for resale -</b> Entities under common control	90,444,033	34,564,815
<b>Recharges -</b> Entities under common control	21,782,670	7,364,950

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

	2021 £	2020 £
<b>Assets:</b> Entities under common control	18,583,536	9,528,929
<b>Liabilities:</b> Entities under common control	56,179,824	33,677,764

# **Spartan UK Limited**

## **Notes to the financial statements for the year ended 31 December 2021 - continued**

### **28 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 smallest and largest group of undertakings to consolidate these financial statements. The consolidated financial statements of Metinvest BV are available from Gustav Mahlerplein 74B, 1082MA Amsterdam, The Netherlands.

Metinvest BV is beneficially owned by Mr. Rinat Akhmetov, through various entities commonly referred to as System Capital Management (“SCM”), and Mr. Vadym Novynskyi, through various entities commonly referred to as “SMART” or “Smart Group.”

### **29 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.

### **30 Post Balance Sheet Event Note**

The war in Ukraine has had a significant impact on operations in the Metinvest Group. The mothballing of steel plants in Mariupol has led to a disruption of supply of raw materials and traded products for Spartan. However, the company has acted swiftly and managed to secure replacement raw materials from alternative suppliers within the UK and Europe. As a result of the supply disruption, production volume is expected to be lower than planned in 2022, but due to increased market demand for steel, the company is seeing improved margins and expects to remain profitable.

As these events were not present as at the year ended 31 December 2021 they have been treated as a non adjusting post balance sheet event for the purpose of these financial statements.

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:

# Spartan UK Limited

## 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.

# Spartan UK Limited

## 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>	9,787,341
<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>	109,597,368
<b>Total assets</b>		<b>127,887,675</b>	119,384,709
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	17	86,724,064	62,669,152
		<b>86,724,064</b>	62,669,152
<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>	1,733,923
<b>Total liabilities</b>		<b>88,443,346</b>	64,403,075
<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>	54,981,634
<b>Total equity and liabilities</b>		<b>127,887,675</b>	119,384,709

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>	10,488,496

## 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>

# Spartan UK Limited

## 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 or 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.

# Spartan UK Limited

## 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 rights-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.

# Spartan UK Limited

## 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.

# Spartan UK Limited

## 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.

# Spartan UK Limited

## 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.

# Spartan UK Limited

## 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.

# Spartan UK Limited

## 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:

2023	Plates		Traded Products		Scrap		Others		Total
	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'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

2022	Plates		Traded Products		Scrap		Others		Total
	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'000	UK £'000	Europe £'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
	<b>114</b>	<b>115</b>

The aggregate payroll costs of these persons were as follows:

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

### 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
	<b>66,108</b>	<b>3,540</b>

### 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
	<b>1,847,158</b>	<b>1,195,275</b>

### 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 Ilgataan 9, 3500 Hasselt, Limburg, Belgium.

# Spartan UK Limited

## 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>	31,659,399

### 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>	66,282,589

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).

# Spartan UK Limited

## 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
	<b>5,781,936</b>	<b>6,790,217</b>

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
	<b>86,724,064</b>	<b>62,669,152</b>

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
	<b>1,319,555</b>	<b>1,166,884</b>

# 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
	<b>428,089</b>	<b>257,544</b>

### 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	<b>1,476,379</b>
Adjustment in respect of prior years	(61,103)
Charge to the statement of comprehensive income for the year	(124,083)
<b>At 31 December 2023</b>	<b>1,291,193</b>

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	-	-
	<b>1,291,193</b>	<b>1,476,379</b>

# 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 £
<b>Authorised, called up and issued £1 ordinary shares (fully paid)</b>		
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
<b>At 31 December 2023</b>	
<b>Financial assets at amortised cost</b>	
Trade and other receivables	39,788
Cash and cash equivalents	42,538
	<b>82,326</b>

# 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/>	
<b>At 31 December 2023</b>	
<b>Financial liabilities at amortised cost</b>	
Borrowings	-
Trade and other payables	86,724
	<hr/>
	<b>86,724</b>

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

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

# Spartan UK Limited

## 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 Trameal 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.