

Company Registration No. 00759991

Eurosteel Products Limited

Report and Financial Statements

31 December 2015



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Corporate information

Directors

Julian Verden

Paul Astles (resigned 30 April 2016)

Anthony Lockley

Ian White (resigned 10/09/2015)

Mark Varney (resigned 25/08/2015)

Antony Cresswell (resigned 18/06/2015)

Auditor

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Bankers

Barclays Bank Plc

1 Churchill Place

London

E14 5HP

Registered Office

CityPoint

1 Ropemaker Street

London

EC2Y 9ST

Strategic report

The directors present their strategic report for the year ended 31 December 2015

Review of the business

The Company is a wholly owned subsidiary of Stemcor Global Holdings Limited ("the Group").

The principal activities of the Company are trading in steel products.

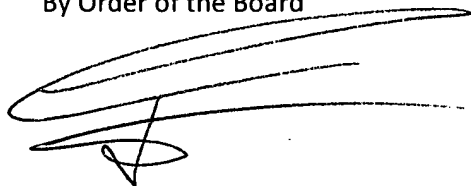
The Group manages its operations on a divisional basis. For this reason, the Company's directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Principal Risks and Uncertainties

Eurosteel Products Limited's principal risk is that the Group fails to comply with its covenanted obligations under the terms of its financing agreements. A covenant breach could lead to a default, which in turn could close trade finance funding to the Group.

The operating financial and strategic risks, which affect the Group, are discussed in the Stemcor Global Holdings Limited's Annual Report, which does not form part of this report.

By Order of the Board

A handwritten signature in black ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name J Verden.

J Verden

Director

24 August 2016

Directors' report

The directors present their report for the year ended 31 December 2015.

Directors of the company

The current directors are shown on page 3.

Dividends

An interim dividend of £7.50 per ordinary share of £1 each was paid in respect of year ended 31 December 2015.

No further dividend has been proposed for the reporting period.

Future developments

The directors aim to continue the trading strategy of the Group focussing on governance, risk and cost structure, rebuilding the Group's reputation and profitability.

Events since the balance sheet date

There were no events that occurred between the end of the reporting period and the date when the financial statements were authorised for issue that affect the accounts at 31 December 2015.

Going Concern

After having considered the uncertainties disclosed in note 1, the directors believe that the Company has an expectation of managing these risks. Therefore, the directors have prepared the financial statements on a going concern basis.

Political donations

No political donations were made during the year.

Disabled employees

The Stemcor Group takes seriously its legal and moral responsibilities in relation to employees who are disabled or who become disabled whilst employed by us. We understand our requirements to make reasonable adjustments for disabled applicants to the company. Employees who become disabled whilst working for us are given practical assistance with adapting to their new situation and we work with them to identify and provide reasonable adjustments to enable them to continue to be employed by us as far as possible. We are committed that disabled employees are assisted in training, career development and promotion opportunities so that their disabilities do not disadvantage them in accessing those opportunities.

Employee involvement

The Stemcor Group understands that its success is dependent on the motivation and engagement of its employees. Communication and consultation are at the heart of engagement and this is delivered principally within each subsidiary unit of Stemcor through both formal and informal staff information and consultation fora. At a Group level, the global internal communications portal is being revamped to provide greater access to relevant communication about company performance, business information and community news, delivered on a geographic basis

Directors' report (continued)

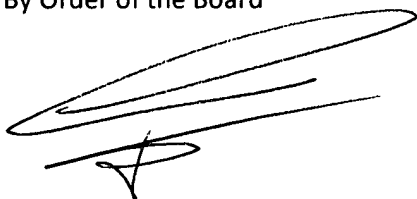
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

By Order of the Board

A handwritten signature in black ink, consisting of a large, sweeping loop followed by a smaller, more intricate mark.

J Verden

Director

24 August 2016

Directors' responsibility statement

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and or the profit or loss of the Company for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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 deduction of fraud and other irregularities.

Independent auditor's report to the member of Eurosteel Products Limited

We have audited the financial statements of Eurosteel Products Limited for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the member of Eurosteel Products Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- proper accounting records have not been kept, or proper 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
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

William Binns
for and on behalf of Ernst & Young LLP
London

26 August 2016

Income Statement

For the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Turnover	2	127,959	159,915
Cost of sales		(123,583)	(149,108)
Gross profit		4,376	10,807
Administrative and distribution costs		(2,775)	(5,169)
Other operating expense		(136)	(72)
Operating profit	3	1,465	5,566
Exceptional items	5	(212)	-
Bank Interest receivable		4	19
Interest payable and similar charges	6	(2,781)	(2,359)
(Loss)/profit on ordinary activities before taxation		(1,524)	3,226
Tax on profit on ordinary activities	7	-	68
(Loss)/profit for the financial year		(1,524)	3,294

The results above are derived solely from continuing operations.
The accompanying Notes are an integral part of the annual accounts.

Statement of Comprehensive Income

For the period ended 31 December 2015

	2015 £'000	2014 £'000
(Loss)/profit for the financial year	(1,524)	3,226
Other comprehensive (loss)/profit for the year	-	-
Total comprehensive (loss)/profit for the year	(1,524)	3,226

Statement of Changes in Equity

For the year ended 31 December 2015

	Called up share capital £'000	Profit & Loss Account £'000	Equity shareholder Equity £'000
At 1 January 2014	500	7,890	8,390
Profit for the year	-	3,294	3,294
At 31 December 2014	500	11,184	11,684
Loss for the year	-	(1,524)	(1,524)
Equity dividends paid (note 14)	-	(3,750)	(3,750)
At 31 December 2015	500	5,910	6,410

Statement of Financial Position

At 31 December 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	8	11	2
Current assets			
Stock	9	42,756	57,786
Debtors: Amounts falling due within one year	10	39,139	50,128
Cash at bank and in hand		3,628	5,657
		<u>85,523</u>	<u>113,571</u>
Creditors: amounts falling due within one year	11	<u>(79,124)</u>	<u>(101,889)</u>
Net current assets		6,399	11,682
Net assets		<u>6,410</u>	<u>11,684</u>
Capital and reserves			
Called up share capital	13	500	500
Profit and loss account		5,910	11,184
Shareholder equity		<u>6,410</u>	<u>11,684</u>

The accompanying Notes are an integral part of the annual accounts.

These financial statements of Eurosteel Products Limited (registered number 00759991) were approved by the Board of Directors and authorised for issue on 24 August 2016.



J Verden
Director

Notes to the financial statements

1. Accounting policies

Eurosteel Products Limited is a limited company incorporated in England and Wales. The Registered Office is CityPoint, 1 Ropemaker Street, London, EC2Y 9ST.

The company's financial statements have been prepared in compliance with FRS102 as it applies to financial statements of companies for the year ended December 2015.

The company transitioned from previously extant UK GAAP to FRS102 as at 1 January 2015. An explanation of how transition to FRS102 has affected the reported financial position and financial performance is given in note 20.

Basis of preparation

The financial statements of Eurosteel Products Limited were authorised for issue by the Board of Directors on August 2016. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in GBP which is the functional currency of the company and rounded to the nearest £'000. Certain comparatives have been restated so that presentation is on a consistent basis.

Going Concern

On the 16th October 2015, the restructuring of the original Stemcor Group was completed, resulting in a demerger of the key trading companies from the original Stemcor Group into a new Stemcor Group (the Group). Stemcor Global Holdings Limited (the Parent Company) is the ultimate parent company of the Group which is owned by a number of its lenders. Eurosteel Products Limited is an indirect 100% subsidiary of Stemcor Global Holdings Limited.

Following the successful restructuring, the SGHL directors expect the Group to trade profitably. They have reviewed current trading, cash flow projections, business forecasts and the Group's committed financing facilities as part of their assessment of the Group's ability to continue as a going concern.

The directors have worked with the senior management of the Group and agreed a business plan that forecasts trading through to the end of December 2017. This business plan has been used as the basis for the going concern assessment and other estimates made during the financial year. The business plan contains the most up-to-date management information and provides a sufficient level of detail to support these assessments.

The directors believe that with the overwhelming majority of the Group's trading transactions being short term in nature with a tenor shorter than 270 days, they can reasonably forecast the results of the Group's operating model.

The business plan includes analysis of the Group's Income Statement, Statement of Financial Position, statement of cash flows, KPIs and debt covenants outlook. The ability of Eurosteel Products Limited to continue as a going concern is closely linked to the Group's ability to continue as a going concern.

The directors are aware of the following uncertainties currently facing the business:

- The commodities market is subject to a degree of volatility which could result in unforeseen market shocks or loss of key customers;
- There is continued over-capacity in global steel markets which could lead to lower volumes and pricing;
- Further reduction of overheads may take longer to implement than currently forecast.

These uncertainties may prevent both the Group and Eurosteel Products Limited from performing in accordance with their business plan, meeting their forecasts and complying with the Group's covenants.

Notes to the financial statements

1. Accounting policies (continued)

Although there remain some uncertainties, as disclosed above, in relation to the market and the operating model of the business, the directors believe that the Eurosteel Products Limited has an expectation of managing these risks. The directors believe that the Group has a robust finance model, appropriate scale, a significantly improved cost base, a clear trading strategy, and strong corporate governance, sufficient to present the financial statements on a going concern basis.

Where appropriate, the business plan has been subjected to sensitivity testing which involves flexing a number of the main underlying assumptions and evaluating the potential impact of the Group's principal risks, and considering the mitigating actions available to the Group over the relevant timeframe, if such risks did arise.

After making reasonable enquiries and having carefully considered the matters described above, the directors believe that the Group, including Eurosteel Products Limited, is a sustainable business, will be able to meet its liabilities as they fall due and will have adequate resources to continue in operational existence for the foreseeable future. Accordingly the directors of Eurosteel Products Limited continue to adopt the going concern basis in preparing the Strategic Report, the Directors' Report and the financial statements of Eurosteel Products Limited.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Revenue Recognition

Turnover represents the invoiced amount of goods sold and services provided to third parties net of value added tax, duty and trade discounts. Turnover arising from the sale of steel and steel-making raw materials is recognised when the risks and rewards of ownership have substantially passed to the customer.

Turnover on services provided is recognised when services to customers are completed and invoiced.

Turnover and profit on long term contracts is recognised in accordance with the underlying contracts and the value of work performed to date as a proportion of the total contract value. As with trading transactions, any foreseeable loss is recognised as soon as it can reliably be estimated.

Plant, Equipment and Vehicles

Plant, equipment and vehicles are stated at cost less provision for depreciation and accumulated impairment losses.

Depreciation is provided on all plant, equipment and vehicles at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life. These assets are depreciated using the straight-line method at rates ranging from 4 to 10 years.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Notes to the financial statements

1. Accounting policies (continued)

Taxation

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Further details are contained in note 7.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of the exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Derivative instruments

The group uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The Company does not undertake any hedge accounting transactions.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income Statement.

Pensions

The Group operates several money purchase pension schemes, including the "Stemcor Group Retirement Scheme", which are defined contribution schemes. Contributions to these defined contribution schemes are charged to the profit and loss account as they are payable.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance costs in the Income Statement.

Restructuring costs

The Group has classified the following restructuring costs as exceptional items in accordance with FRS102 presentation of exceptional items. FRS 102 requires that when items included in the total comprehensive income are material, their nature and amounts should be disclosed separately in the Statement of Comprehensive Income.

Notes to the financial statements

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax.

The segmental analysis of turnover by destination is as follows:

	2015	2014
	£'000	£'000
United Kingdom	119,305	150,249
Other Europe	8,654	9,666
Total	127,959	159,915

Full segmental information has not been disclosed above as required by FRS 102. In the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the Company.

3. Operating profit

This is stated after charging/(crediting):

	2015	2014
	£'000	£'000
Depreciation	2	2
Foreign exchange differences	635	(878)
(Gain)/loss on financial assets at fair value through profit and loss account	(21)	776
Operating leases	20	20
Auditor's remuneration – audit of the financial statements	61	56

There was no auditor's remuneration for non-audit services during the year (2014: £nil).

Notes to the financial statements

4. Staff costs

(a) Staff Costs

	2015	2014
	£'000	£'000
Wages and salaries	(1,341)	(2,861)
Social Security	(197)	(194)
Pension costs (note 16)	(131)	(135)
	<u>(1,669)</u>	<u>(3,190)</u>

The average monthly number of employees during the year was as follows:

	2015	2014
Sales and administration staff	<u>24</u>	<u>27</u>

(b) Directors remuneration

	2015	2014
	£'000	£'000
Executive remuneration	844	1,111
Pension costs	63	61
Total	<u>907</u>	<u>1,172</u>
Number of directors	<u>6</u>	<u>6</u>

The emoluments of the highest paid director were £255,346 (2014: £290,561), including pension contributions of £15,000 (2014: £11,947).

Six directors are members of the Stemcor Group Retirement Scheme, which is a defined contribution pension scheme (2014: Five).

Notes to the financial statements

5. Exceptional items

The full amount of £212,000 (2014: £nil) charged to Exceptional items relates to redundancy costs as part of a Company restructure process.

6. Interest payable and similar charges

	2015	2014
	£'000	£'000
Bank loans and overdrafts	(5)	(386)
Interest to parent and fellow subsidiary undertakings	(2,776)	(1,973)
	<u>(2,781)</u>	<u>(2,359)</u>

7. Tax

	2015	2014
	£'000	£'000
Current Taxation		
UK corporation tax for the period	-	-
Over provision in prior year		68
Total current tax on losses on ordinary activities	<u>-</u>	<u>68</u>

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are reconciled below:

	2015	2014
	£'000	£'000
Profit/ (loss) on ordinary activities before tax	(1,524)	3,226
Expected tax credit at 20.25% (2014 – 21.49%)	<u>309</u>	<u>(694)</u>
Disallowed expenses	63	(188)
Creation of unrecognised tax losses	(372)	-
Group relief for nil consideration	-	882
(Under)/over provision in prior years	-	68
Current tax charge	<u>-</u>	<u>68</u>

There was a reduction in the UK corporation tax rate from 21% to 20%, which took place in April 2015.

The company has tax losses arising in the UK of £2.6m (2014: £nil) that are available indefinitely for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the group.

Notes to the financial statements

8. Tangible assets

	Equipment & Vehicles £'000
Cost or valuation:	
At 1 January 2015	16
Additions	11
At 31 December 2015	<u>27</u>
Accumulated Depreciation:	
At 1 January 2015	(14)
Charge for the year	(2)
At 31 December 2015	<u>(16)</u>
Net book value 31 December 2015	<u>11</u>
Net book value 31 December 2014	<u>2</u>

9. Stocks

	2015 £'000	2014 £'000
Finished goods and goods for resale	43,814	58,176
Stock provision	(1,058)	(390)
	<u>42,756</u>	<u>57,786</u>

In the opinion of the directors, the replacement cost of stocks does not differ materially from the above figures.

Included in the stock figures is £43,814,000 (2014: £58,176,000) which relates to inventories pledged as security for liabilities.

Stocks recognised as an expense in the period were £102,957,000 (2014: £119,135,000).

Impairment losses recognised in cost of sales are £668,000 (2014: £284,000) and the impairments reversed are £nil (2014: £nil).

Notes to the financial statements

10. Debtors

	2015	2014
	£'000	£'000
Trade debtors	37,617	45,006
Amounts owed by subsidiary undertakings	1,266	4,786
Taxation recoverable	210	-
Derivative financial instruments	21	36
Other debtors	-	49
Prepayments and accrued income	25	251
	<u>39,139</u>	<u>50,128</u>

Amounts owed by subsidiary undertakings relate to a loan which carries interest at average LIBOR/EURIBOR for the loan period plus 3.6% per annum charged on the outstanding balances.

Included in debtors is £nil (2014: £nil) of debtors due after more than one year.

11. Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Trade creditors	(3,105)	(16,510)
Amounts owed to subsidiary undertakings	(73,208)	(80,793)
Derivative financial instruments	-	(811)
Other creditors	(66)	(186)
Accruals and deferred income	(2,745)	(3,589)
	<u>(79,124)</u>	<u>(101,889)</u>

Amounts owed to subsidiary undertakings include an amount of £69,737,000 (2014: £76,860,000) that carries an interest rate of Average Lender cost of funds plus 2.25%, where Average Lender Cost of Funds is based on a pre-agreed sample of Lender participants and is secured on stock and debtors.

Notes to the financial statements

12. Obligations under leases

	2015	2014
	£'000	£'000
Within one year	20	20
In two to five years	60	80
	<u>80</u>	<u>100</u>

13. Allotted and issued share capital

	2015	2014
	£'000	£'000
Allotted, called up and fully paid		
500,000 ordinary shares of £1 each	500	500
	<u>500</u>	<u>500</u>

14. Dividends

	2015	2014
	£'000	£'000
<i>Declared and paid during the year</i>		
Interim dividend	3,750	-
Final dividend	-	-
	<u>3,750</u>	<u>-</u>
 Proposed for approval by shareholders	 -	 -

15. Cash Flow

The Company has taken advantage of the exemption, under FRS 102, from the requirement of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d), not to produce a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and the parent prepares a group cash flow statement that includes the Company.

Notes to the financial statements

16. Pensions

The principal pension arrangements are defined contribution schemes and other money purchase schemes. The assets are held separately from those of the Group in independently administered funds. The costs were charged to the profit and loss account as incurred. There were no outstanding contributions or prepaid contributions at either the beginning or end of the financial year. Full details of the Pension are included in Stemcor Limited's financial statements.

	2015	2014
	£'000	£'000
Defined contribution scheme	131	135

17. Contingent liabilities

At 31 December 2015, the Company had the following contingent liabilities:

- The company along with a number of other entities within the Stemcor Global Holdings Group is a guarantor to the \$250m Borrowing Base Facility and the \$100m medium term Shareholder Loan Facility; and
- Under the borrowing base facility there was \$9,749,614 (2014: \$38,328,949) of open letters of credit.

18. Events after the reporting period

There were no events that occurred between the end of the reporting period and the date when the financial statements were authorised for issue that affect the accounts as at 31 December 2015.

Notes to the financial statements

19. Related party transactions

The Company has taken advantage of the disclosure exemption under FRS102 regarding the requirement of Section 33 Related Party Disclosures paragraph 33.1A, and has not disclosed transactions with other subsidiaries of Stemcor Global Holdings Limited.

20. Transition for FRS 102

	£'000
Equity Shareholder funds at 31 December 2014 under previous UK GAAP	12,501
Holiday pay accrual	(41)
Derivatives	(776)
Equity Shareholder funds at 31 December 2014 under FRS102	<u>11,684</u>
	£'000
Profit for the year ended 1 December 2014 under previous UK GAAP	4,111
Holiday pay accrual	(41)
Derivatives	(776)
Profit for the year ended 31 December 2014 under FRS102	<u>3,294</u>

Holiday pay accrual

Under previous UK GAAP, the Company accrued for holiday pay where this was expected to be paid as a cash sum where the employee was entitled to carry forward holidays earned indefinitely. However, the Company did not accrue for holiday pay that was earned but the holiday entitlement was expected to be taken in the subsequent financial year. Under FRS102, the Company is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the date of the Statement of Financial Position. The impact is to increase holiday pay accrued by £40,949 for the Company as at 31 December 2014.

Derivatives

All derivative financial instruments are recorded on the balance sheet at fair value and accounted for at fair value through profit and loss. Under previous UK GAAP these were not re-valued to fair value or shown on the group balance sheet at the year end.

21. Ultimate parent company and controlling party

The immediate parent company of Eurosteel Products Limited is Stemcor Holdings 2 Limited, which is incorporated in Great Britain and registered in England and Wales. The ultimate parent company is Stemcor Global Holdings Limited incorporated in Jersey. The accounts for this company can be found on the Jersey companies house website.