

Company Registration No. 00759991

Eurosteel Products Limited

Report and Financial Statements

31 December 2013

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Eurosteel Products Limited

Report and financial statements 2013

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Statement of directors' responsibilities	6
Independent auditor's report	7
Profit and loss account	9
Balance sheet	10
Reconciliation of movements in shareholders' funds	11
Notes to the financial statements	12

Eurosteel Products Limited

Report and financial statements 2013

Officers and professional advisers

Directors

Ralph Oppenheimer (resigned 17 September 2013)

Julian Verden

Ian White

Paul Astles

Mark Varney

Antony Cresswell

Nicholas Lally (resigned 28 May 2013)

Anthony Lockley

Secretary

Amanda Phillips

Registered Office

City Point

1 Ropemaker Street

London EC2Y 9ST

Principal bankers

Natixis

68/75 Quai de la Rapée

75012 Paris

France

Auditor

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Eurosteel Products Limited

Strategic Report

Business review and principal activities

The Company is a wholly owned subsidiary of Stemcor Holdings Limited and operates as part of the Stemcor Group's Northern European Distribution Division

The principal activity of the Company is trading in steel products. There have not been any significant changes in the Company's principal activity in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

The Company continues to invest in the development of its employees and in information technology. The directors regard this investment as essential to the continuing success of the Company in the medium to long-term future.

As shown in the Company's Profit and Loss Account on page 9, the Company has continued to show a profit despite difficult trading conditions encountered during the year. The profit before tax is £1,789,000 compared to £2,198,000 in 2012.

The Balance Sheet on page 10 of the financial statements shows that the Company's financial position at the year end has improved with net assets increasing by 17.41%. Details of amounts owed to and by the parent company, and/or fellow subsidiary undertakings are shown in note 14 and 12 on pages 19 and 18.

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

The performance of the Northern European Distribution Division of the Stemcor Group, which includes the Company, is discussed in the Group's Annual Report, which does not form part of this report.

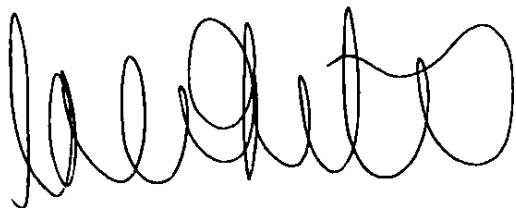
Principal risks and uncertainties

Competitive pressure is a continuing risk for the Company, which could result in it losing sales to competitors. The Company manages this risk by strengthening its relationships and increasingly providing added value services to both its suppliers and customers.

A large number of the Company's purchases, and some of its sales, are made in currencies other than its functional currency GBP. It is therefore exposed to movements in foreign currency exchange rates. The Group's treasury uses foreign exchange forward contracts to manage this risk on a contract by contract basis.

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

Approved by the Board
and signed behalf of the Board

A handwritten signature in black ink, appearing to read 'Ian White', is written over a horizontal line.

Ian White
Director

25 April 2014

Eurosteel Products Limited

Directors' Report

The directors present their annual report on the affairs of the Company together with the financial statements and auditor's report for the year ended 31 December 2013. They are prepared in accordance with applicable law and regulations. 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). The directors are satisfied that the annual report and financial statements 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.

Share capital

No new shares were allotted during the year.

Going concern

The Company is part of the Stemcor Holdings Limited Group (the "Group"). Following the Group's default on its loan facilities in May 2013, there are material uncertainties that cast doubt on the Company's ability to continue as a going concern. The Group completed its refinancing on 19 March 2014, however some uncertainties remain. These uncertainties are summarised below and more detail is provided in note 1 to the financial statements.

- Realisation of non-core assets, including sale of the Group's Indian operations, at a value sufficient to repay the Term Debt,
- Failing to meet the amortisation profile of the Term Debt from the sale or wind down of non-core businesses or reducing working capital causing a breach in covenants, and
- Future trading may not be in line with the latest forecasts due to factors such as an inability to re-establish certain counter-party relationships affected by the credit downgrade of the Group during 2013, liquidity constraints as a result of the new financing structure, a failure to complete downsizing quickly enough to improve EBITDA, or deterioration in the overall steel trading environment.

After considering the material uncertainties set out in note 1, the directors continue to adopt the going concern basis in preparing the financial statements.

Tax status

In the opinion of the directors the Company is a close company within the meaning of the Corporation Taxes Act 2010.

Environment

The Stemcor Group recognises its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Group's activities. The Company operates in accordance with Group policies, which are described in the Group's Annual Report, which does not form part of this report.

Employees

Details of the number of employees and related costs can be found in note 6 to the financial statements on page 16.

The Group's Equal Opportunity and Training and Development Policies, and its stance on employee consultation and involvement, are discussed in the Group's Annual Report, which does not form part of this report.

Eurosteel Products Limited

Directors' Report (continued)

Indemnities

The Company has agreed to indemnify its directors in respect of proceedings brought against them by third parties subject to the limitations provided in the Companies Act. Such qualifying third party indemnity provisions were in force during the year and continue to be in force as at the date of this report. The Company has bought directors' and officers' liability insurance in order to minimise the potential impact of any such proceedings.

Results and dividends

The results for the year are set out on page 9.

The directors paid a dividend of £nil (2012: £nil).

Operational and financial risks

The directors use financial instruments to hedge against currency movements for trading exposures. As there is no practicable way to hedge the Company's exposure to price movements in the products it trades, trading exposures are a major risk category and one that is especially carefully monitored. The Company's unsold forward positions and unsold stocks are small compared to the Company's trading volumes. Debtor exposures are mitigated by means of the use of letters of credit, guarantees, credit insurance and a variety of other techniques. The overwhelming majority of the Company's transactions are self-liquidating, which greatly reduces the exposure to cash flow risk.

Directors

The directors who held office during the year are noted on page 1.

Charitable and political donations

Charitable donations of £444 (2012: £1,000) were made during the year.

No political donations were made during the year (2012: £nil).

Auditor

Ernst & Young LLP have expressed their willingness to continue in office as the auditor of the company.

Ernst & Young LLP will be reappointed as auditor of the company.

Eurosteel Products Limited

Directors' Report (continued)

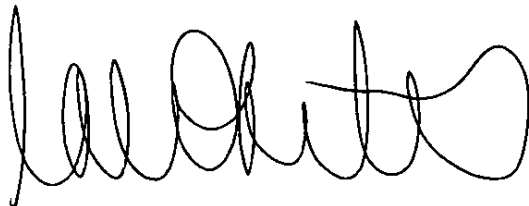
Directors' statement as to the disclosures of information to the auditor

Each of the persons who is a director at the date of approval of this 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 is obliged to take as a director in order to make himself 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 s418 of the Companies Act 2006

Approved by the Board
and signed behalf of the Board

A handwritten signature in black ink, appearing to read 'Ian White', with a large, stylized loop at the end.

Ian White
Director

25 April 2014

Eurosteel Products Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report and 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 of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the accounts.

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

We have audited the financial statements of Eurosteel Products Limited for the year ended 31 December 2013 which comprise the Profit and Loss account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 Strategic Report and Directors' 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, knowledge acquired by us in the course of the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 2013 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.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the Company's ability to continue as a going concern. The conditions described in Note 1 indicate the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

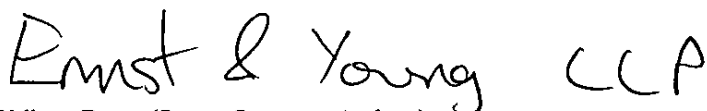
In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members 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

- 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

A handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

William Binns (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
25 April 2014

Eurosteel Products Limited

Profit and Loss account Year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	151,057	130,259
Cost of sales		(142,740)	(121,819)
Gross profit		8,317	8,440
Distribution costs		(1,821)	(1,863)
Administrative expenses		(2,731)	(2,794)
Other operating (expense)/income		(219)	116
Operating profit		3,546	3,899
Interest payable and similar charges	3	(1,757)	(1,701)
Profit on ordinary activities before taxation	4	1,789	2,198
Tax charge on profit on ordinary activities	7	(545)	(708)
Profit on ordinary activities after taxation		1,244	1,490

The results above are derived solely from continuing operations

There were no recognised gains or losses in the current or preceding year other than those recorded in the profit and loss account. Therefore no statement of total recognised gains and losses has been prepared.

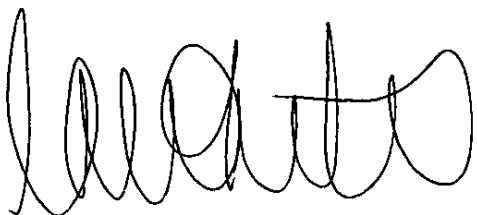
Eurosteel Products Limited

Balance Sheet

As at 31 December 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investment in subsidiary	9	-	307
Tangible fixed assets	10	4	30
		<u>4</u>	<u>337</u>
Current assets			
Stocks	11	34,665	51,517
Debtors	12	38,471	34,675
Cash at bank and in hand	13	3,620	2,490
		<u>76,756</u>	<u>88,682</u>
Creditors: amounts falling due within one year	14	<u>(68,370)</u>	<u>(81,873)</u>
Net current assets		<u>8,386</u>	<u>6,809</u>
Total assets less current liabilities		<u>8,390</u>	<u>7,146</u>
Capital and reserves			
Called up share capital	15	500	500
Profit and loss account	16	7,890	6,646
Shareholders' funds		<u>8,390</u>	<u>7,146</u>

These financial statements of Eurosteel Products Limited (registered number 00759991) were approved by the Board of Directors and authorised for issue on 25 April 2014. They were signed on its behalf by



Ian White
Director

Eurosteel Products Limited

Reconciliation of Movement in Shareholders' Funds Year ended 31 December 2013

	2013	2012
	£'000	£'000
Profit on ordinary activities after taxation	1,244	1,490
Dividends paid	-	-
Net addition to shareholders' funds	1,244	1,490
Opening shareholders' funds	7,146	5,656
Closing shareholders' funds	8,390	7,146

Eurosteel Products Limited

Notes to the financial statements Year ended 31 December 2013

1. Accounting policies

The principal accounting policies are summarised below. They have all been consistently applied throughout the current and preceding year.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006, English law and United Kingdom Accounting Standards.

Cashflow

The Company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised) from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and whose parent prepares a group cash flow statement that includes the Company.

Group accounts

The Company has taken advantage of the exemption from the requirements to prepare accounts set out in Section 400 of the Companies Act 2006. The Company's financial statements present information about it as an individual company and not about its group. At 31 December 2013 and 31 December 2012, the Company was a wholly owned subsidiary undertaking of Stemcor Holdings Limited, a company registered in England and Wales, and group financial statements have been prepared for that company.

Going concern basis

In May 2013, the Stemcor Holdings Limited Group (the "Group") defaulted on the repayment of its one-year European Revolving Credit Facility ("RCF"). The European RCF default in turn led to a cross-default on the Group's Asian RCF and the three-year European RCF. The European RCFs were owed by Stemcor Trade Finance Limited (a UK entity), and the Asian RCF was owed by Stemcor S E A Pvt Limited (a Singapore entity). The Group entered into negotiations with a steering committee of the Group's senior lenders (the "Co Comm") and agreed to a series of Global Standstill Agreements.

Following an in-depth independent business review (IBR) of the Group's business plans by Co Comm and its advisors, a solvent Group-wide Refinancing Plan (the "Refinancing Plan") was agreed in principle in August 2013, was sanctioned by the UK courts under two Schemes of Arrangement in February 2014 and was completed in March 2014. The principal aspects of the Refinancing Plan are:

- a \$1.15 billion syndicated committed trade finance facility ("SCTFF") to finance the Group's global trading business until 31 December 2015, and
- a \$1.30 billion Term Loan to refinance the one-year and three-year European RCFs and Asian RCF debt until 31 December 2015 (the "Term Debt").

Under the SCTFF and Term Debt, the Group has covenanted to make minimum Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA"), retain minimum Net Current Assets and retain minimum free cash balances on a specified part of the business defined with the lenders as 'core' as well as covenanting to provide information to the Lenders through to December 2015. Future trading will need to be in line with forecasts to ensure that a breach does not result due to a failure to meet the financial targets, which are assessed on a quarterly basis.

The Term Debt is to be repaid via an amortisation schedule, plus mandatory prepayments from, selling the Group's Indian assets, selling or winding up other non-core businesses, reducing working capital and the refinancing of any unpaid balance outstanding at maturity.

Eurosteel Products Limited

Notes to the financial statements Year ended 31 December 2013

1 Accounting policies (continued)

The Term Debt also has financial covenants around the disposal of certain assets based on the Group's business plan and the subsequent IBR performed by the Co Comm's advisors. Any failure to keep up with these quarterly targets will cause a breach in the new Term Debt and cross default on the SCTFF.

The Group is running a sales process to sell its Indian assets, including Brahmani River Pellets Limited and Aryan Mining Limited. Proceeds from the sale of these assets will be used to pay down part of the Term Debt and forms a key part of the amortisation plan. An Investment Bank has been mandated to support the Group with the sale, including the production of an Information Memorandum, managing the bidders, co-ordinating the data room and due diligence and liaising with the Group. The process is on-going.

The Group's financing of its Indian assets was restructured in December 2013, as part of an agreement with creditors to create a stable platform for the sales process. The Group is also actively pursuing refinancing opportunities for the Indian assets to protect their position in case of a delay to the sales process. We expect the disposal of Indian assets will lead to an accounting profit as these assets are recorded in the Group balance sheet at historical cost.

The Group has incurred further losses in 2013 due to (i) lower trading levels due to restricted access to finance and (ii) exceptional restructuring and finance costs. As a consequence of these losses, and without any revaluation of the Indian Assets, the Group presents both a net liability position and a net current liability position as at 31 December 2013. The refinancing on 19 March 2014, resulted in \$992 million of the term debt becoming repayable in a period greater than 12 months (31 December 2015), improving the Group's current position to net current assets.

Following the successful refinancing, management expects the Group to return to profitability.

Eurosteel Products Limited is a guarantor for Stencor Trade Finance under the terms of the new Term Debt and is a designated borrower and guarantor under the terms of the new SCTFF and therefore relies on the Group for future financial support. As a result of the successful refinancing mentioned above, the SCTFF is available to Eurosteel Products Limited providing sufficient funding to continue trading.

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

- Realisation of non-core assets, including sale of the Group's Indian operations, at a value sufficient to repay the Term Debt,
- Failing to meet the amortisation profile of the Term Debt from the sale or wind down of non-core businesses or reducing working capital causing a breach in covenants, and
- Future trading may not be in line with the latest forecasts due to factors such as an inability to re-establish certain counter-party relationships affected by the credit downgrade of the Group during 2013, liquidity constraints as a result of the new financing structure, a failure to complete downsizing quickly enough to improve EBITDA, or deterioration in the overall steel trading environment.

The uncertainties may lead to an inability of the Group to generate sufficient cash flow and return sufficient EBITDA to comply with its financial covenants.

The directors recognise that these uncertainties represent material uncertainties which may cast significant doubt upon the Group's ability to continue as a going concern and therefore the Group may be unable to continue to realise assets and discharge liabilities in the normal course of business.

The Directors believe the new financing agreements will allow the Group to finance prospective trades, and rebuild its business in a controlled manner and trade profitably. The Directors have reviewed current trading, cash flow projections and the facility agreements as part of their assessment of the Group's ability to continue as a going concern.

Eurosteel Products Limited

Notes to the financial statements Year ended 31 December 2013

1. Accounting policies (continued)

After making reasonable enquiries and carefully considering the matters described above, the Directors have a reasonable expectation that the Group 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. The financial statements do not include adjustments that would result if the Group were unable to continue as a going concern, which would include writing down the carrying value of assets to their recoverable amount and providing for any further liabilities that might arise.

Turnover

Turnover represents the invoiced amount of goods sold and services provided to third parties net of value added tax 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.

Operating lease

Rentals under operating leases are charged against income as incurred.

Pensions

The principal pension arrangements in the Group are defined contribution schemes and other money purchase schemes, details of which are included in the financial statements of Stemcor Holdings Limited, the ultimate parent company. Contributions are charged to the profit and loss account as they are payable.

Foreign exchange

Transactions in foreign currencies are recorded in Sterling using the rate of exchange ruling at the date of the transactions or if hedged at the forward contract rate. Monetary assets and liabilities denominated in currencies other than Sterling are translated at the effective rate of exchange ruling at 31 December or if hedged at the forward contract rate, and gains or losses on translation are included in the profit and loss account.

Derivative financial instruments

The Company uses derivative financial instruments to reduce to a minimum the exposure to foreign exchange risk.

The Company also uses derivative financial instruments to reduce the price risk on some contracts for the purchase or sale of steel and iron ore. The Company does not hold derivative financial instruments for speculative purposes.

Derivative instruments are held at cost. For a forward foreign exchange contract to be treated as a hedge the instrument must be related to actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign currency exchange movements on the Company's operations.

For a derivative contract for the purchase or sale of steel or iron ore to be treated as a hedge it must involve a similar product as the hedged item and be deliverable into a comparable market. Gains and losses arising on these contracts are deferred and recognised in the profit and loss account only when the hedged transaction has itself been reflected in the Company's financial statements.

Bank borrowings

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit and loss account on a straight-line basis.

Investment in subsidiary

The Company values its investment in subsidiary at estimated cost less provision for impairment in value.

Eurosteel Products Limited

Notes to the financial statements Year ended 31 December 2013

1. Accounting policies (continued)

Fixed assets and depreciation

Fixed assets are stated at cost less provision for depreciation and any provision for impairment

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful lives

Equipment and vehicles are depreciated using the straight-line method over periods ranging from 4 to 10 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal

Use of estimates

The preparation of accounts in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

Taxation

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

2. Segmental analysis

The segmental analysis of turnover by destination is as follows

	2013 £'000	2012 £'000
United Kingdom	141,690	124,502
Europe	9,367	5,757
	<u>151,057</u>	<u>130,259</u>

Full segmental information has not been disclosed above as permitted by Statement of Standard Accounting Practice No 25 Segmental Reporting. In the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the Company.

3. Interest payable and similar charges

	2013 £'000	2012 £'000
Interest on bank overdrafts and loans	65	2
Interest to parent and fellow subsidiary undertakings	1,692	1,699
	<u>1,757</u>	<u>1,701</u>

Eurosteel Products Limited

Notes to the financial statements Year ended 31 December 2013

4. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting)

	2013	2012
	£'000	£'000
Auditor's remuneration		
Remuneration for audit services	46	66
Depreciation	4	18
Provision for impairment of investment	-	-
Foreign currency exchange (gain)	(367)	(47)
	<u> </u>	<u> </u>

There was no auditor's remuneration for non-audit services during the year (2012 £nil)

5. Directors' emoluments

Directors' remuneration for executive services amounted to £959,315 in the year (2012 £1,053,678) Pension contributions amounted to £101,239 (2012 £290,156)

The emoluments of the highest paid director were £252,770 (2012 £284,288), including pension contributions of £32,375 (2012 £84,166)

Five directors are members of the Stemcor Group Retirement Scheme, which is a defined contribution pension scheme (2012 Five)

6. Employees

The total employment costs of all employees (including directors) were as follows

	2013	2012
	£'000	£'000
Wages and salaries (including bonus)	2,677	2,345
Social security costs	236	240
Other pension costs (note 17)	141	151
	<u>3,054</u>	<u>2,736</u>

The average monthly number of employees (including directors) during the year was as follows

	2013	2012
	No.	No.
Sales and administration staff	28	30
	<u>28</u>	<u>30</u>

Eurosteel Products Limited

Notes to the financial statements Year ended 31 December 2013

7 Tax charge on profit on ordinary activities

	2013 £'000	2012 £'000
<i>Current Taxation</i>		
UK corporation tax for the year	545	120
Under provision in prior year	-	588
Total current tax on profits on ordinary activities	<u>545</u>	<u>708</u>

The standard rate of tax for the year, based on the standard rate of corporation tax is 23.25 % (2012 24.5%)
The actual tax charge for the current and the previous year is less than the standard rate for the reasons set out in the following reconciliation

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	<u>1,789</u>	<u>2,198</u>
Tax on profit on ordinary activities at 23.25% (2012 24.5%)	416	539
Effects of		
Expenses not deductible for tax purposes	20	18
Group relief for nil consideration	-	(401)
Short term timing differences	109	(36)
Under/(over)provision in prior years	-	588
Current tax charge for the year	<u>545</u>	<u>708</u>

There are no material deferred tax assets or liabilities as at 31 December 2013 or 31 December 2012

8. Dividends

The directors proposed and paid a final dividend of £nil in 2013 (2012 £nil)

9. Investment in subsidiary

Eurosteel Products Limited owns 100% of the issued share capital of Stainless Imports Limited ("SIL"), which is incorporated in the UK. Total consideration payable is contingent on the future performance of SIL's business and this estimate has been reduced during 2013

	£'000
At 1 January 2013	307
Reduction in estimated contingent consideration	<u>(307)</u>
At 31 December 2013	<u>-</u>

Eurosteel Products Limited

Notes to the financial statements Year ended 31 December 2013

10. Tangible fixed assets

	Equipment and Vehicles £'000
Cost	
At 1 January 2013	71
Disposals	(55)
At 31 December 2013	16
Accumulated depreciation	
At 1 January 2013	(41)
Charge for the year	(4)
Disposals	33
At 31 December 2013	(12)
Net book value	
At 31 December 2013	4
At 31 December 2012	30

11. Stocks

	2013 £'000	2012 £'000
Finished goods and goods held for resale	34,665	51,517

12. Debtors: amounts due within one year

	2013 £'000	2012 £'000
Trade debtors	34,009	29,263
Amounts owed by fellow subsidiary undertakings	3,987	5,198
Other debtors	475	214
	38,471	34,675

13 Cash at bank and in hand

Cash includes £3,457,000 (2012 £709,000) deposited in a collection account which can only be paid towards a fellow subsidiary undertaking to repay indebtedness

Eurosteel Products Limited

Notes to the financial statements Year ended 31 December 2013

14. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	7,202	12,471
Amounts owed to parent and fellow subsidiary undertakings	53,906	58,002
Accruals and deferred income	1,377	1,221
Other creditors	5,885	10,029
Contingent consideration payable (see note 9)	-	150
	<u>68,370</u>	<u>81,873</u>

£49,919,000 (2012 £52,379,000) of amounts owed to fellow subsidiary undertakings is secured on working capital. Amounts owed to parents and fellow subsidiary undertakings include amounts payable which are interest bearing and have no fixed terms of repayment.

15. Share capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid 500,000 ordinary shares of £1 each	<u>500</u>	<u>500</u>

16. Profit and loss account reserve

	2013 £'000	2012 £'000
At 1 January	6,646	5,156
Profit for the financial year	<u>1,244</u>	<u>1,490</u>
At 31 December	<u>7,890</u>	<u>6,646</u>

17. Pension costs

The pension cost charge represents contributions paid by the Company to the defined contribution scheme and amounted to £141,000 (2012 £151,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Eurosteel Products Limited

Notes to the financial statements Year ended 31 December 2013

18. Derivatives not included at fair value

The Company has derivatives which are not included at fair value in the accounts

	Principal 2013 £'000	Fair value 2013 £'000	Fair value 2012 £'000
Foreign exchange forward contracts to buy/sell US dollars	(8,052)	(188)	(220)
Foreign exchange forward contracts to buy/sell Euros	(1,067)	(5)	(36)
Steel derivatives futures	469	13	102

The nature and extent of the derivatives used by the Company are discussed in the Accounting Policies note

19. Contingent liabilities

At 31 December 2013, the company had no material contingent liabilities (2012 £nil) except as disclosed below

In previous years the Company entered into cross-guarantees for a combined amount of £643 million (2012 £616 million) in respect of bank facilities shared with certain Group undertakings, which defaulted in May 2013. Following the Group refinancing, the Company was released from these RCF guarantees and became one of several Group company guarantors on the new \$1.25 billion Term Debt and \$1.15 billion SCTFF.

20. Related party transactions

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No 8, Related Party Transactions, not to disclose transactions with Stemcor Holdings Limited group companies

21. Post balance sheet events

On 19 March 2014, the Stemcor Group successfully completed its Refinancing

22. Ultimate parent company and controlling party

The ultimate and immediate parent company is Stemcor Holdings Limited which is registered in England and Wales. The parent company is ultimately controlled by Mr R D Oppenheimer and his relatives, who in aggregate have an interest in 71% of the issued share capital of Stemcor Holdings Limited. The largest and smallest group which consolidates the Company's accounts is Stemcor Holdings Limited.

Copies of the ultimate parent company's accounts can be obtained from

Companies House
Crown Way
Mandy
Cardiff
CF14 3UZ