

Company Registration No. 00759991

Eurosteel Products Limited

Report and Financial Statements

31 December 2014

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Eurosteel Products Limited

Report and financial statements 2014

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Eurosteel Products Limited

Report and financial statements 2014

Officers and professional advisers

Directors

Julian Verden

Ian White (resigned 10/09/2015)

Paul Astles

Mark Varney (resigned 25/08/2015)

Antony Cresswell (resigned 18/06/2015)

Anthony Lockley

Registered Office

Citypoint

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 2 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. 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 shown an increase in profit this year. The profit before tax is £4,043,000 compared to £1,789,000 in 2013.

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 49%. 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.

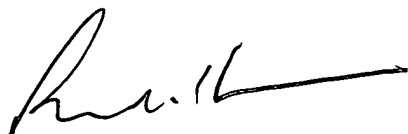
Principal risks and uncertainties

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 function 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



Paul Astles
Director

21 December 2015

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 2014. 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 directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

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 Stemcor Holdings 2 Limited'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 7 to the financial statements on page 16/17.

The Group's Equal Opportunity and Training and Development Policies, and its stance on employee consultation and involvement, are discussed in Stemcor Holdings 2 Limited'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 (2013: £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 (2013: £444) were made during the year.

No political donations were made during the year (2013: £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)

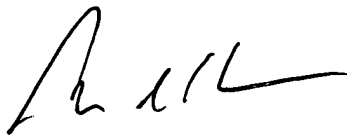
Directors' statement as to the disclosures of information to the auditor

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



Paul Astles
Director

21 December 2015

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.

Eurosteel Products Limited

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 2014 which comprise the Profit and Loss Account, the Balance Sheet and 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 Director's 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 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 2014 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.

Eurosteel Products Limited

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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.

Ernst & Young LLP

*William Binns (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
21/12/2015*

Eurosteel Products Limited

Profit and loss account

Year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Turnover	2	159,915	151,057
Cost of sales		(149,108)	(142,740)
Gross profit		10,807	8,317
Distribution costs		(1,741)	(1,821)
Administrative expenses		(2,611)	(2,731)
Other operating expenses		(72)	(219)
Operating profit		6,383	3,546
Interest receivable and similar income	3	19	-
Interest payable and similar charges	4	(2,359)	(1,757)
Profit on ordinary activities before taxation	5	4,043	1,789
Tax charge on profit on ordinary activities	8	68	(545)
Profit on ordinary activities after taxation		4,111	1,244

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.

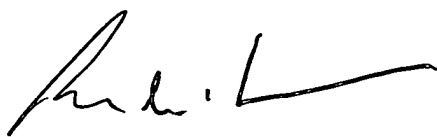
Eurosteel Products Limited

Balance sheet

As at 31 December 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Tangible fixed assets	10	<u>2</u>	<u>4</u>
		2	4
Current assets			
Stocks	11	57,786	34,665
Debtors	12	50,128	38,471
Cash at bank and in hand	13	<u>5,657</u>	<u>3,620</u>
		113,571	76,756
Creditors: amounts falling due within one year	14	<u>(101,072)</u>	<u>(68,370)</u>
Net current assets		<u>12,499</u>	<u>8,386</u>
Total assets less current liabilities		<u>12,501</u>	<u>8,390</u>
Capital and reserves			
Called up share capital	15	500	500
Profit and loss account	16	<u>12,001</u>	<u>7,890</u>
Shareholders' funds		<u>12,501</u>	<u>8,390</u>

These financial statements of Eurosteel Products Limited (registered number 00759991) were approved by the Board of Directors and authorised for issue on 21 December 2015. They were signed on its behalf by:



Paul Astles
Director

21 December 2015

Eurosteel Products Limited

Reconciliation of movement in shareholders' funds Year ended 31 December 2014

	2014	2013
	£'000	£'000
Profit on ordinary activities after taxation	4,111	1,244
Dividends paid	-	-
Net addition to shareholders' funds	4,111	1,244
Opening shareholders' funds	8,390	7,146
Closing shareholders' funds	12,501	8,390

Eurosteel Products Limited

Notes to the financial statements

Year ended 31 December 2014

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 2014, the Company was a wholly owned subsidiary undertaking of Stemcor Holdings 2 Limited, a company registered in England and Wales, and group financial statements have been prepared for that company.

Going concern basis

In May 2013, Stemcor Holdings Limited, the former ultimate parent company of the original Stemcor group (Original Group) defaulted on the repayment of its one year European Revolving Credit Facility (RCF). The European RCF in turn led to a cross default on the Original Group's Asian RCF and the three-year European RCF.

The Original Group entered into negotiations with a steering committee of its senior lenders (the CoComm) and agreed to a series of Global Standstill Agreements. Following an in depth review of the business by the CoComm and its advisors, a Restructuring Plan was agreed and implemented in March 2014.

The restructuring provided trade finance facilities and time for the Original Group to complete its operational restructuring, primarily the sale of its Indian Assets, to enable it to repay the original defaulted loans.

In May 2014, the Supreme Court of India passed a ruling that closed the majority of mines in Odisha, India, including the Original Group's own mining asset. This had an immediate negative impact on the Original Group's Restructuring Plan, as potential value from the Indian assets fell as a result of this action.

In 2015, the Original Group entered into negotiations with its Lenders for a Second Restructuring, which has led to a demerger of the core trading assets of the Original Group into a New Stemcor Group (New Group). The ultimate parent company of the New Group is Stemcor Global Holdings Limited owned by a number of the Lenders to the Original Group.

This Second Restructuring was sanctioned by the UK courts under a Scheme of Arrangement in September 2015 and completed in October 2015. As a result of the demerger, Eurosteel Products Limited is now part of the New Group, and is a subsidiary of Stemcor Global Holdings Limited. The ability of Eurosteel Products Limited to continue as a going concern is closely linked to the New Group's ability to continue as a going concern.

The restructuring provided the following positive enhancements for the New Group, compared to the Original Group:

- a) Removal of legacy debt servicing;
- b) Cessation of all advisor fees associated with the restructuring;
- c) A strengthening of the New Group's balance sheet

Eurosteel Products Limited

Notes to the financial statements

Year ended 31 December 2014

1. Accounting policies (continued)

- d) Provision of \$760m of trade finance working capital facilities (a \$320m borrowing base, and \$440m in trade finance);
- e) A new supportive shareholder structure lead by the anchor shareholder, Apollo;
- f) Implementation of a revised corporate governance structure.

Under the new debt agreements, the New Group is covenanted on its Fixed Charge Cover Ratio (EBITDA to Debt Service Costs), Minimum Free Cash and Current Ratio (current assets to current liabilities). The New Group's Integrated Financial Forecasts (IFF) and Short Term Cash Flow analysis forecast that the New Group will not breach the covenants during the forecast period to the end of 2017.

Following the successful restructuring, the directors expect the New Group to trade profitability. The directors have reviewed current trading, cash flow projections, business forecasts and the facility agreements as part of their assessment of the New Group's ability to continue as a going concern.

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

- the commodities market is currently subject to a higher degree of volatility, which could result in unforeseen market shocks;
- the planned reduction of administrative costs may take longer to implement than currently forecasted.

These uncertainties may prevent the New Group from performing in accordance with the IFF and meeting its forecasted EBITDA and covenant compliance, specifically the Fixed Charge Cover covenant.

The directors recognise that these factors represent material uncertainties which may cast significant doubt upon the New Group's, and therefore Eurosteel Products Limited's, ability to continue as a going concern. Therefore the New Group, if impacted by these uncertainties and by consequence its subsidiaries, including Eurosteel Products Limited, maybe unable to continue to realise assets and discharge liabilities in the normal course of business.

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

The financial statements do not include the adjustments that would result if Eurosteel Products Limited was 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.

Eurosteel Products Limited

Notes to the financial statements

Year ended 31 December 2014

1. Accounting policies (continued)

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.

Eurosteel Products Limited

Notes to the financial statements Year ended 31 December 2014

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

	2014 £'000	2013 £'000
United Kingdom	150,249	141,690
Europe	9,666	9,367
	<u>159,915</u>	<u>151,057</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 receivable and similar income

	2014 £'000	2013 £'000
Interest on bank accounts	19	-
	<u>19</u>	<u>-</u>

4. Interest payable and similar charges

Eurosteel Products Limited

Notes to the financial statements Year ended 31 December 2014

	2014 £'000	2013 £'000
Interest on bank overdrafts and loans	386	65
Interest to parent and fellow subsidiary undertakings	1,973	1,692
	<u>2,359</u>	<u>1,757</u>

5. Profit on ordinary activities before taxation

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

	2014 £'000	2013 £'000
Auditor's remuneration:		
Remuneration for audit services	56	46
Depreciation	2	4
Foreign currency exchange (gain)	(878)	(367)
	<u></u>	<u></u>

There was no auditor's remuneration for non-audit services during the year (2013: £nil).

6. Directors' emoluments

Directors' remuneration for executive services amounted to £1,111,453 in the year (2013: £959,315). Pension contributions amounted to £61,013 (2013: £101,239).

The emoluments of the highest paid director were £290,561 (2013: £252,770), including pension contributions of £11,947 (2013: £32,375).

Five directors are members of the Stemcor Group Retirement Scheme, which is a defined contribution pension scheme (2013: Five).

7. Employees

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

	2014 £'000	2013 £'000
Wages and salaries (including bonus)	2,861	2,677
Social security costs	194	236
Other pension costs (note 17)	135	141
	<u>3,190</u>	<u>3,054</u>

Eurosteel Products Limited

Notes to the financial statements

Year ended 31 December 2014

7. Employees (continued)

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

	2014 No.	2013 No.
Sales and administration staff	27	28
	<u>27</u>	<u>28</u>

8. Tax charge on profit on ordinary activities

	2014 £'000	2013 £'000
<i>Current Taxation</i>		
UK corporation tax for the year	-	(545)
(Over) provision in prior year	68	-
Total current tax on profits on ordinary activities	<u>68</u>	<u>(545)</u>

The standard rate of tax for the year, based on the standard rate of corporation tax is 21.49 % (2013: 23.25%). 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:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	4,043	1,789
Tax on profit on ordinary activities at 21.49% (2013: 23.25%)	(869)	(416)
Effects of:		
Expenses not deductible for tax purposes	13	(20)
Group relief for nil consideration	882	-
Short term timing differences	-	(109)
(Under)/over provision in prior years	68	-
Current tax charge for the year	<u>68</u>	<u>(545)</u>

There are no material deferred tax assets or liabilities as at 31 December 2014 or 31 December 2013.

9. Dividends

The directors proposed and paid a final dividend of £nil in 2014 (2013: £nil).

Eurosteel Products Limited

Notes to the financial statements

Year ended 31 December 2014

10. Tangible fixed assets

	Equipment and Vehicles £'000
Cost	
At 1 January 2014	16
Disposals	
At 31 December 2014	16
Accumulated depreciation	
At 1 January 2014	(12)
Charge for the year	(2)
Disposals	
At 31 December 2014	(14)
Net book value	
At 31 December 2014	2
At 31 December 2013	4

11. Stocks

	2014 £'000	2013 £'000
Finished goods and goods held for resale	57,786	34,665

12. Debtors: amounts due within one year

	2014 £'000	2013 £'000
Trade debtors	45,006	34,009
Amounts owed by fellow subsidiary undertakings	4,786	3,987
Other debtors	336	475
	50,128	38,471

13. Cash at bank and in hand

Cash includes £4,259,790 (2013: £3,457,000) 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 2014

14. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	16,510	7,202
Amounts owed to parent and fellow subsidiary undertakings	80,793	53,906
Accruals and deferred income	-	1,377
Other creditors	3,769	5,885
	<u>101,072</u>	<u>68,370</u>

£67,712,000 (2013: £49,919,000,) 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

	2014 £'000	2013 £'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

	2014 £'000	2013 £'000
At 1 January	7,890	6,646
Profit for the financial year	<u>4,111</u>	<u>1,244</u>
At 31 December	<u>12,001</u>	<u>7,890</u>

17. Pension costs

The pension cost charge represents contributions paid by the Company to the defined contribution scheme and amounted to £135,000 (2013: £141,000).

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 2014

18. Derivatives not included at fair value

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

	Principal 2014 £'000	Fair value 2014 £'000	Fair value 2013 £'000
Foreign exchange forward contracts to (buy)/sell US dollars	(22,256)	778	(188)
Foreign exchange forward contracts to (buy)/sell Euros	(613)	(3)	(5)
Steel derivatives futures	-	-	13

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

19. Contingent liabilities

At 31 December 2014, the company had no material contingent liabilities (2013; £nil) apart from the following; From March 19 2014 to October 16 2015, the company along with a number of other entities within the Stemcor Holdings 2 Limited group was a guarantor to the \$1.15 bn. Trade Finance and Borrowing Base Facility and a guarantor to the \$1.34 bn. Term Loan. These loans were extinguished on the 16th October 2015. From the 16th October 2015, the company, along with a number of other entities within the Stemcor Holdings 2 Limited group is a guarantor of the \$100m medium term Shareholder Loan facility.

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 16th October 2015, the original Stemcor Group which Eurosteel Products Limited is part of, completed a lender led, second restructuring. This was a demerger of the trading assets of the Group into a new group, demerging them from the original Group. This restructuring was sanctioned by the UK courts under a Scheme of Arrangement in September 2015 and completed in October 2015. As a result of the demerger, Eurosteel Products Limited is now a subsidiary of a new ultimate parent Stemcor Global Holdings Limited owned by a number of the Lenders to the Original Parent Company (Stemcor Holdings Limited).

22. 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. Since October 2015, the ultimate parent company is Stemcor Global Holdings Limited, registered in Jersey. Prior to the Restructuring of the Stemcor group completed in October 2015, Stemcor Holdings Limited was the ultimate parent company.

The largest and smallest group which consolidates the Company's accounts as of 31 December 2014 is Stemcor Holdings 2 Limited. Copies of the accounts of Stemcor Holdings 2 Limited can be obtained from:

Companies House
Crown Way
Maindy
Cardiff
CF14 3UZ