

Company Registration No. 1947996

Stemcor Trade Finance Limited

Annual Report and Financial Statements

31 December 2013



Stemcor Trade Finance Limited

Annual Report and Financial Statements 2013

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Stemcor Trade Finance Limited

Annual Report and Financial Statements 2013

Officers and professional advisers

Directors

Colin H Heritage
Karl-Jochen Knees (resigned 30 June 2013)
Ralph D Oppenheimer (resigned 12 September 2013)
Michael G Broom
Roberto Macchi
Christopher Bachofen (resigned 30 June 2013)
Sarah Gulston (resigned 30 October 2013)
Stephen Lewis

Secretary

Amanda L Phillips

Registered Office

City Point
1 Ropemaker Street
London EC2Y 9ST

Principal bankers

BNP Paribas (Suisse) SA
Place de Hollande 2
Case postale
CH-1211 Genève 11

Auditors

Ernst & Young LLP
Statutory Auditors
One More London Place,
London,
SE1 2AF

Stemcor Trade Finance Limited

Strategic report

Business review and principal activities

The Company is a wholly owned subsidiary of Stemcor Holdings Limited

The principal activities of the Company is the provision of offset and countertrade and project finance consultancy services, and offering treasury and structured trade finance services to the Stemcor Group of Companies. The Company continues to invest in the development of its employees.

As shown in the Company's profit and loss account on page 8, the Company's sales have decreased by 12% against the prior year and profit after tax has decreased from £797,000 profit to £166,053,000 loss.

The Balance Sheet on page 9 of the financial statements shows that the Company's financial position in terms of net assets has decreased from £4m to liability of £162m and net current assets of £141m have become net current liabilities of £162m. Following the refinancing in March 2014, £590m of bank debt became repayable in more than one year and, accordingly, the balance sheet as of the date of this report shows net current assets. Details of amounts owed to the parent company, and/or by fellow subsidiary undertakings are shown in notes 11 and 12 on page 17.

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.

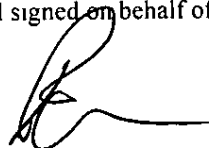
The majority of the Company's turnover and cost of sales are made in currencies other than its functional currency (pound sterling). It is therefore exposed to movements in foreign currency exchange rates. The Group's treasury uses foreign exchange forward contracts to hedge these exposures.

The Company was financed by amounts drawn down on the Revolving Credit Facility and fellow subsidiary undertakings. Amounts borrowed under the Revolving Credit Facility are recharged at a small margin over cost to fellow subsidiary undertakings. Interest rate exposure is therefore limited.

The net debt includes amounts drawn down on the Revolving Credit Facility of £643 million and all of which is guaranteed by fellow subsidiaries. On 6 May 2013, Stemcor Trade Finance Ltd defaulted on repayment of its one year Revolving Credit Facility. This default in turn led to a cross-default on the three year Revolving Credit Facility. The implications of this default and the remedies pursued by Stemcor Trade Finance Ltd are provided in more detail in note 1 to the financial statements.

The Company is exposed to credit risk primarily through the amounts owed by parent and fellow subsidiary undertakings. In light of the Revolving Credit Facility default and the subsequent Stemcor Group wide reorganisation, some of the intercompany receivables have been impaired. The risks of the Group are disclosed in the Group's Annual Report which does not form part of this report.

Approved by the Board
and signed on behalf of the Board



Michael Broom
Director

25 April 2014

Stemcor Trade Finance 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 Income and Corporation Taxes Act 2010.

Environment

The Stemcor Group recognises the 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 8 to the financial statements on page 15.

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.

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.

Stemcor Trade Finance Limited

Directors' report

Results and dividends

The results for the year are set out on page 8

No interim dividend was paid during the period (2012 £nil)

The Directors do not recommend the payment of a final dividend (2012 £nil)

Directors

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

Charitable donations

No political or charitable donations were made during the year (2012 £nil)

Auditor

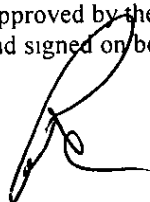
Each of the persons who is a director at the date of approval of this report confirms that

- 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 ought to have taken 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

Ernst & Young LLP will be reappointed as auditors

Approved by the Board
and signed on behalf of the Board



Michael Broom
Director

25 April 2014

Stemcor Trade Finance Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 judgements 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 financial statements.

Independent auditor's report to the members of Stemcor Trade Finance Limited

We have audited the financial statements of Stemcor Trade Finance 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 20. 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 5, 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 2013 and of its loss 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.

Independent auditor's report to the members of Stemcor Trade Finance Limited (continued)

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

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

Stemcor Trade Finance Limited

Profit and Loss account Year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	29,674	33,736
Cost of sales		(27,911)	(26,848)
Gross profit		1,763	6,888
Administrative expenses		(1,915)	(6,186)
Other operating income		360	367
Operating profit		208	1,069
Exceptional Items	3	(158,778)	-
Interest receivable and similar income	4	58	-
Exceptional Default Interest payable	5	(7,452)	-
(Loss) / profit on ordinary activities before taxation	6	(165,964)	1,069
Tax on (loss) / profit on ordinary activities	9	(89)	(272)
(Loss) / profit on ordinary activities after taxation		(166,053)	797

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.

Stemcor Trade Finance Limited

Balance Sheet As at 31 December 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investments	10	<u>9</u>	<u>9</u>
Current assets			
Debtors	11		
- due within one year		555,385	772,402
- due after one year		-	12,763
Cash at bank and in hand		<u>43,375</u>	<u>21,449</u>
		598,760	806,614
Creditors amounts falling due within one year	12	<u>(760,854)</u>	<u>(665,594)</u>
Net current assets / (liabilities)		<u>(162,094)</u>	<u>141,020</u>
Total assets less current liabilities		<u>(162,085)</u>	<u>141,029</u>
Creditors amounts falling due after more than one year	13	<u>-</u>	<u>(137,061)</u>
Net (liabilities) / assets		<u>(162,085)</u>	<u>3,968</u>
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	<u>(162,085)</u>	<u>3,968</u>
Shareholders' (deficit) / funds		<u>(162,085)</u>	<u>3,968</u>

The financial statements of Stemcor Trade Finance Limited (registered number 1947996) were approved by the Board of Directors and authorised for issue on 25 April 2014

They were signed on its behalf by



Michael Broom
Director

Stemcor Trade Finance Limited

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

	2013 £'000	2012 £'000
(Loss) / profit on ordinary activities after taxation	(166,053)	797
Net (reduction from) / addition to shareholders' funds	(166,053)	797
Opening shareholders' funds	3,968	3,171
Closing shareholders' (deficit) / funds	(162,085)	3,968

Stemcor Trade Finance 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.

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.

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 achieve 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

Stemcor Trade Finance Limited

Notes to the financial statements Year ended 31 December 2013

1. Accounting policies (continued)

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 \$992m 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.

Stemcor Trade Finance is a designated borrower and guarantor under the terms of both the new Term Debt and the new SCTFF and relies on the Group for future financial support.

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 achieve 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.

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

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.

Stemcor Trade Finance Limited

Notes to the financial statements Year ended 31 December 2013

1. Accounting policies (continued)

Derivative financial instruments

The Company uses derivative financial instruments to reduce to a minimum the exposure to foreign exchange risk. The Company does not hold derivative financial instruments for speculative purposes.

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.

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.

Investments in subsidiaries

The Company values its investments in subsidiaries at cost less provisions for impairment in value.

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.

Exceptional items

The company has classified costs that have been directly incurred as a result of the fundamental reorganisation of the group as exceptional items in accordance with Financial Reporting Standard No. 3.

Cash flow

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 financial statements

The company has taken advantage of the exemption from the requirement to prepare financial statements 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.

Stemcor Trade Finance Limited

Notes to the financial statements Year ended 31 December 2013

2. Segmental analysis

The segmental analysis of turnover by destination is as follows

	2013 £'000	2012 £'000
United Kingdom	21,761	23,588
Rest of Europe	6,368	6,519
Rest of the World	1,545	3,629
	<u>29,674</u>	<u>33,736</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. Exceptional costs

The exceptional items relate to impairment of intercompany receivables following the restructuring of the Stemcor Group that was started in 2013 as a result of the default on the repayments of the Company's European one year Revolving Credit Facility in May 2013.

4. Interest receivable and similar income

	2013 £'000	2012 £'000
Interest from bank and short-term deposit	58	-
	<u>58</u>	<u>-</u>

5. Interest payable and similar charges

	2013 £'000	2012 £'000
Exceptional default interest payable	7,452	-
	<u>7,452</u>	<u>-</u>

Following default in May 2013 on the repayment of the Company's European Revolving Credit Facility which in turn led to the default of the Company's other facilities, the lenders charged default interest.

Stemcor Trade Finance Limited

Notes to the financial statements Year ended 31 December 2013

6. (Loss) / profit on ordinary activities before taxation

	2013 £'000	2012 £'000
The (loss) / profit on ordinary activities before taxation is stated after charging		
Foreign exchange losses	373	3,399
Audit of the Company's financial statements	33	20

Other operating income amounting to £360,000 (2012 £367,000) relates to management charges receivable from other members of the Stemcor Holdings Group

Non audit fees paid to the Company's auditors for the year amounted to £nil (2012 £nil)

7. Directors' emoluments

	2013 £'000	2012 £'000
Executive remuneration	684	344
Pension contributions	35	19
	719	363

The number of directors for whom retirement benefits are accruing under money purchase pension schemes in 2013 was 5 (2012 6)

The emoluments of the highest paid director were £400,320 (2012 £225,770) including pension contributions of £18,000 (2012 £10,020)

Included in the executive remuneration are termination costs of £185,000 (2012 £nil)

Michael G Broom, Ralph D Oppenheimer and Karl-Jochen Knees received no emoluments for services to Stemcor Trade Finance Limited during 2013. Their emoluments were borne by other Stemcor Group companies

8. Employees

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

	2013 £'000	2012 £'000
Wages and salaries	1,146	1,692
Social security costs	146	204
Pension costs (note 14)	91	106
	1,383	2,002

The average monthly number of employees (including directors) during the year was as follows 16 (2012 18)

Stemcor Trade Finance Limited

Notes to the financial statements Year ended 31 December 2013

9. Tax on (loss) / profit on ordinary activities

	2013 £'000	2012 £'000
<i>Current taxation</i>		
UK corporation tax for the year	209	270
Adjustment in respect of prior periods	(120)	2
Total current tax on (loss) / profit on ordinary activities	<u>89</u>	<u>272</u>

The standard rate of tax for the year, based on the UK 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
(Loss) / profit on ordinary activities before tax	(165,964)	1,069
Tax on (loss) / profit on ordinary activities at 23.25% (2012 24.5%)	(38,581)	262
Effects of		
Disallowable expenses	36,682	8
Tax losses carried forward	2,110	-
Short term timing differences	(2)	-
Adjustment in respect of prior periods	(120)	2
Current tax charge for the year	<u>89</u>	<u>272</u>

A deferred tax asset of £1,815,000 (2012 £nil) has not been recognised on tax losses of £9,076,000 as at 31 December 2013 under Financial Reporting Standard 19 as there is uncertainty as to whether there will be suitable profits in the foreseeable future against which to offset them

The UK corporation tax rate has reduced from 24% to 23% effective from 1 April 2013. In addition, further reductions to the UK rate of corporation tax to 21% effective from 1 April 2014 and 20% effective from 1 April 2015 were substantively enacted on 2 July 2013. As such, the closing unrecognised deferred tax asset has been calculated using the substantively enacted rate of 20% as at 31 December 2013.

10. Fixed asset investments

	Subsidiary undertaking £'000
At 1 January 2013 and 31 December 2013	<u>9</u>

The company owns 100% of the ordinary share capital of Stemcor Trade Finance GmbH, a subsidiary undertaking incorporated in Germany. The company is dormant.

Stemcor Trade Finance Limited

Notes to the financial statements Year ended 31 December 2013

11. Debtors:

	2013 £'000	2012 £'000
Amounts falling due within one year		
Trade debtors	-	146
Amounts owed by parent and fellow subsidiary undertakings	546,601	754,047
Other debtors	8,275	18,038
Prepayments and accrued income	509	171
	<u>555,385</u>	<u>772,402</u>

Amounts owed by parent and fellow subsidiary undertakings are repayable up to 364 days after the lending date. Interest is charged at average LIBOR for the loan period plus 3.25% to 4.35% and payable monthly in arrears.

	2013 £'000	2012 £'000
Amounts falling due after one year		
Other debtors	-	12,763
	<u>-</u>	<u>12,763</u>

Interest is charged at average LIBOR for the loan period plus 6.25%. The amount was due on 29 December 2014 and had an extension option of a further 364 days, however, the due date was accelerated following the administration of CMA Corporation.

12. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Bank loans and overdrafts	734,004	623,387
Trade creditors	461	470
Amounts owed to parent and fellow subsidiary undertakings	22,874	32,783
Other creditors	1,572	6,641
Accruals	1,943	2,313
	<u>760,854</u>	<u>665,594</u>

Following the default on the repayment of the European Revolving Credit Facility in May 2013, all bank loans became repayable on demand. These loans were successfully refinanced in March 2014 as disclosed in note 19. Up to the date of default nominal interest was charged at average LIBOR for the loan period plus 1.75% to 2.5%. Following the default, additional default interest ranging from 2% - 3% was chargeable.

Amounts owed to parent and fellow subsidiary undertakings have no fixed repayment date. Interest is chargeable at LIBOR plus 1.75% and payable monthly in arrears.

As of 31 December 2012, other creditors included amounts payable to related party of CMA Corporation. Interest was chargeable at Australian 90 day bank bill swap + 5.25%. These other creditors were set off against amounts not recovered from CMA Corporation, following CMA Corporation's administration in August 2013.

Following the refinancing of the Company in March 2014, £590,193,000 of the Bank loans and overdrafts became repayable after 31 December 2014.

Stemcor Trade Finance Limited

Notes to the financial statements Year ended 31 December 2013

13. Creditors: amounts falling after more than one year

	2013 £'000	2012 £'000
Bank loans	-	137,061
	-	137,061

Bank loans of £nil (2012 £137,764,000) are repayable between 1 and 2 years Interest is chargeable at average LIBOR for the loan period plus 2.75%

14. Pension costs

The pension cost charge represents contributions paid by the company to the defined contribution scheme and amounted to £91,000 (2012 £106,100)

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

15. Financial instruments

The company has derivatives which are not included at fair value in the financial statements:

	Principal 2013 £'000	Fair value 2013 £'000	Fair value 2012 £'000
Foreign exchange forward contracts to buy US dollars and sell British Pounds sterling	-	-	(11)
Foreign exchange forward contracts to buy British Pounds sterling and sell Australian dollars	-	-	129
Foreign exchange forward contracts to buy Euros and sell US dollars	-	-	754
Foreign exchange forward contracts to buy US dollars and sell Euros	-	-	(127)
Foreign exchange forward contracts to buy British Pounds sterling and sell Euros	-	-	(22)
Foreign exchange forward contracts to buy British Pounds sterling and sell US dollars	-	-	210
Foreign exchange forward contracts to buy Euros and sell British Pounds	9,640	(97)	650

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

Stemcor Trade Finance Limited

Notes to the financial statements Year ended 31 December 2013

16. Share capital

	2013 £	2012 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

17. Profit and loss account reserve

	2013 £'000	2012 £'000
At 1 January	3,968	3,171
(Loss) / profit for the financial year	(166,053)	797
At 31 December	(162,085)	3,968

18. Related party transactions

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

19. Post balance sheet events

On 19 March 2014, the Company successfully completed its Refinancing

20. Ultimate parent company and controlling party

The immediate parent company is Stemcor Ltd which is registered in England and Wales. The ultimate parent company is Stemcor Holdings Ltd which is registered in England and Wales. The Company is ultimately controlled by Mr RD 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 financial statements is Stemcor Holdings Limited.

Copies of the ultimate holding company's financial statements can be obtained from

Companies House
Crown Way
Mandy
Cardiff CF14 3UZ