Benteler Steel/Tube (UK) Limited

Annual report and financial statements

Registered number 02172472

For the year ended 31 December 2019

Directors	Andreas Laarmann Nick Goodyear
Registered number	02172472
Registered office	Benteler Steel/Tube (UK) Limited Global House Sitka Drive Shrewsbury Business Park Shrewsbury SY2 6LG
Independent auditors	Mazars Harcourt Centre Block 3 Harcourt Road Dublin 2
Bankers	NatWest Bank 104-110 Fore Street Edmonton London United Kingdom N18 2XA Deutsche Bank Bahnhofstraße 1 33102 Paderborn Germany

Contents

Strategic report

Business review and principal activities

The company is a wholly-owned subsidiary of Benteler International AG and operates as part of the group's steel tube division.

The company's principal activities are the marketing and sale of tubular steel in the UK. There have not been any significant changes in the group's principle activities in the year under review. The directors are not at the date of this report, aware of any likely major changes in the group's activities in the next year.

Benteler International AG, of which the company is a part, invests in research and development activities appropriate to the nature and size of its operations with the aim of supporting the future development of the group.

The results for the year are shown in the statement of comprehensive income on page 9.

Proposed dividend

No dividend was paid during the year *(2018: £1,100,000)*.

Political and charitable contributions

The Company made no political contributions during the year *(2018: £Nil)*. There were no donations to UK charities in 2019 *(2018: £150)*.

Principal risks and uncertainties

The Company's forecasts and projections, taking account of possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities.

Competitive pressure in the UK is a continuing risk for the Company, which could result in it losing sales to its key competitors. To manage this risk, the Company strives to provide added-value products and services to its customers; prompt response times in the supply of products and services and in the handling of customer queries; and through the maintenance of strong relationships with customers.

The Company's business may be affected by fluctuations in the price and supply of key raw materials, although purchasing policies and practices seek to mitigate, where practicable, such risks.

The Group risks to which Benteler International AG is exposed are discussed in Benteler International AG's Annual Report which does not form part of this report.

On the basis of an assessment of the Company's financial position and of the enquiries made of the directors of Benteler International AG, it is a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting is adopted in preparing the annual financial statements.

The directors have discussed the potential issues associated with Brexit with all the major customers of the company in the UK and Ireland. The customers do not anticipate any issues and on this basis the directors are of the view that there will be no adverse effect on the company's current business should the UK leave the EU.

The impact of the current situation concerning COVID-19 on the financial performance in 2020 cannot be determined reliably at this point. Management expects fluctuations in demand in the short run and meets this risk though the implementation of emergency plans.

Environment

The company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the Company's impact on the environment include safe disposal of waste, recycling and reducing energy consumption.

Strategic report *(continued)*

Tax Strategy

Introduction to Group structure

Benteler International AG, is an Austrian incorporated and tax resident company and the holding company of a multinational group which is organised into two independent divisions: Automotive and Steel/Tube. Benteler's product and service offering includes automotive components, seamless and welded quality steel tubes, distribution of steel tubes and project support in relation to the construction of industrial plants.

In accordance with Paragraph 19 of Schedule 19 to the Finance Act 2016, we are publishing our tax strategy in compliance with Paragraph 16(2) to the Schedule. This strategy applies to the following UK registered companies, which form part of the group of which Benteler International AG is the ultimate parent company, herein referred to as "Benteler UK":

- Benteler Holdings Limited
- Benteler Automotive Limited
- Benteler Steel/Tube (UK) Limited

This strategy applies from the date of publication until it is superseded. References to 'UK Taxation' are to the taxes and duties set out in paragraph 15(1) of the Schedule which include Income Tax, Corporation Tax, PAYE, NIC, VAT, Insurance Premium Tax, and Stamp Duty Land Tax. References to 'tax', 'taxes' or 'taxation' are to UK Taxation and to all corresponding worldwide taxes and similar duties in respect of which the Company has legal responsibilities.

Aim

Benteler UK is committed to ensuring full compliance with all statutory obligations and full disclosure to relevant tax authorities. The tax affairs of Benteler UK are managed in a way which takes into account the group's wider corporate reputation.

Governance in relation to UK taxation

- Ultimate responsibility for the tax strategy of Benteler UK rests with the respective Boards of Directors of Benteler UK "the Board". The Board ensures that Benteler UK's tax strategy is considered when making key business decisions;
- The Board are supported in strategic decisions related to UK Taxation by Benteler International AG's central tax function;
- The Board of Benteler UK has executive responsibility for UK Taxation matters;
- Day-to-day management of Benteler UK's tax affairs is delegated to the Financial Controllers who report to the Board;
- The Finance team with responsibility for dealing with day-to-day UK Taxation matters are staffed with suitably qualified/experienced individuals.

Risk management

- Benteler UK operates a system of tax risk assessment and controls as a component of the overall internal control framework applicable to the group's financial reporting system;
- Benteler UK seeks to reduce the level of tax risk arising from its operations as far as is reasonably practicable by ensuring that reasonable care is applied in relation to all processes which could materially affect its compliance with its obligations relating to UK Taxation;
- Processes relating to different taxes are dealt with by the respective Financial Controllers, who carry out a review of activities and processes to identify key risks and mitigating controls in place. These key risks are monitored for business and legislative changes which may impact upon them and changes to processes or controls are made when required;
- Appropriate training is carried out for staff outside the Finance team who manage or process matters which have tax implications;

Strategic report *(continued)*

Risk management *(continued)*

- Advice is sought from external advisers when additional support is required;
- Support is also provided by the central tax function of Benteler International AG where needed.

Attitude towards tax planning and level of risk

Benteler UK manages tax risks to ensure compliance with legal requirements in a manner which ensures payment of the right amount of tax.

When entering into commercial transactions, Benteler UK seeks to take advantage of available tax incentives, reliefs and exemptions in line with, and in the spirit of, the tax legislation. Benteler UK does not undertake tax planning unrelated to such commercial transactions.

The level of risk which Benteler UK accepts in relation to UK Taxation is consistent with its overall objective of achieving certainty in the group's tax affairs. At all times Benteler UK seeks to comply fully with its regulatory and other obligations and to act in a way which upholds its reputation as a responsible corporate citizen. In relation to any specific issue or transaction, the Board is ultimately responsible for identifying the risks, including tax risks, which need to be addressed and for determining what actions should be taken to manage those risks, having regard to the materiality of the amounts and obligations in question.

Relationship with HMRC

Benteler UK seeks to have a transparent and constructive relationship with HMRC during communications.

Benteler UK ensures that HMRC is kept aware of significant transactions and changes in the business and seeks to discuss any tax issues arising at an early stage. When submitting tax computations and returns to HMRC, Benteler UK discloses all relevant facts and identifies any transactions or issues where it considers that there is potential for the tax treatment to be uncertain.

Any inadvertent errors in submissions made to HMRC are fully disclosed as soon as reasonably practicable after they are identified.

By order of the board

N Goodyear
Director

31 March 2020

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2019.

Directors

The directors who held office during the year were as follows:

NL Goodyear
A Laarmann (appointed 1 January 2019)

Qualifying third party Indemnity provision

Throughout the year and up to the date of this report the company maintained third party indemnity insurance for the directors.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware there is no relevant audit information of which the company's auditor is unaware; and each director has taken all th steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establis that the company's auditor is aware of that information.

Auditor

The auditors, Mazars, Chartered Accountants and Statutory Audit Firm, having been appointed during the year, continue in office in accordance with section 485 of the Companies Act 2006.

By order of the board

Nick Goodyear

N Goodyear
Director

Global House
Sitka Drive
Shrewsbury Business Park
Shrewsbury
SY2 6LG

31 March 2020

Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report, the 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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU).

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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

MAZARS

INDEPENDENT AUDITOR'S REPORT TO THE

MEMBERS OF BENTELER STEEL/TUBE (UK) LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Benteler Steel/Tube (UK) Limited (the 'company') for the year ended 31 December 2019 which comprise of the Statement of Profit and Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and;
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following information in the Annual Report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate: or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

M MAZARS

INDEPENDENT AUDITOR'S REPORT TO THE

MEMBERS OF BENTELER STEEL/TUBE (UK) LIMITED

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act
2006 requires us to report to you if, in our opinion:

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

MAZARS

INDEPENDENT AUDITOR'S REPORT TO THE

MEMBERS OF BENTELER STEEL/TUBE (UK) LIMITED

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

Tommy Doherty (Senior Statutory Auditor) **31 March 2020**

for and on behalf of Mazars

Chartered Accountants & Statutory Audit Firm

Harcourt Centre, Block 3

Harcourt Road

Dublin 2

Statement of profit and loss and other comprehensive income
for the year ended 31 December 2019

	Note	**2019**	2018
		£	£
Revenue	*2*	**1,321,670**	**688,821**
Cost of sales		**(707,273)**	**(101,164)**
Gross profit		**614,397**	**587,657**
Other operating expenses	*3*	**(220,497)**	**(282,506)**
Operating profit		**393,900**	**305,151**
Financial income	*6*	**4,789**	**4,925**
Financial expenses	*6*	**(2,065)**	**(2,598)**
Net financing income		**2,724**	**2,327**
Profit before tax		**396,624**	**307,478**
Taxation	*7*	**(75,572)**	**(59,122)**
Profit for the financial year		**321,052**	**248,356**
Other comprehensive income for the year net of income tax		-	-
Total comprehensive income for the year		**321,052**	**248,356**

All operations of the company relate to continuing activities.

The notes on page 13 to 27 form part of these financial statements.

Balance sheet
as at 31 December 2019

	Note	2019 £	2018 £
Assets			
Non-current assets			
Property, plant and equipment	8	18,578	1,498
		18,578	1,498
Current assets			
Trade and other receivables	9	1,062,237	728,701
Cash and cash equivalents	10	118,012	47,232
		1,180,249	775,933
Total assets		1,198,827	777,431
Liabilities			
Current liabilities			
Trade and other payables	11	(485,701)	(385,357)
Total liabilities		(485,701)	(385,357)
Net assets		713,126	392,074
Share capital and reserves			
Share capital	13	100,000	100,000
Retained earnings		613,126	292,074
Total equity		713,126	392,074

The notes on page 13 to 27 form part of these financial statements.

These financial statements were approved by the board of directors on 31 March 2020 and were signed on its behalf by:

N Goodyear
Director

Company register number: 02172472

Statement of changes in equity
for the year ended 31 December 2019

	Share capital £	Retained earnings £	Total equity £
Balance at 1 January 2018	100,000	1,143,718	1,243,718
Total comprehensive income for the year			
Profit for the year	-	248,356	248,356
Dividend paid	-	(1,100,000)	(1,100,000)
Balance at 31 December 2018	**100,000**	**292,074**	**392,074**
Balance at 1 January 2019	100,000	292,074	392,074
Total comprehensive income for the year			
Profit for the year	-	321,052	321,052
Balance at 31 December 2019	**100,000**	**613,126**	**713,126**

The notes on page 13 to 27 form part of these financial statements.

Statement of cash flows
for year ended 31 December 2019

	Note	**2019**	2018
		£	£
Cash flows from operating activities			
Profit for the year		**321,052**	**248,356**
Adjustments for:			
Depreciation, amortisation and impairment	*8*	**15,282**	**790**
Lease expenses/adjustment	*8*	**(15,609)**	
Financial income	*6*	**(4,787)**	**(4,925)**
Financial expense	*6*	**2,078**	**783**
Taxation	*7*	**75,572**	**59,122**
Foreign exchange differences		**12**	**1,815**
Operating cash flows before changes in working capital and provisions		**393,600**	**305,941**
Decrease/(Increase) in trade and other receivables		**(333,538)**	**643,555**
Increase in trade and other payables		**83,117**	**98,186**
Cash generated from operations		**143,179**	**1,048,312**
Interest paid		**(1,603)**	**(783)**
Tax paid		**(75,583)**	**(89,277)**
Net cash inflow from operating activities		**65,993**	**958,252**
Cash flows from investing activities			
Interest received		**4,787**	**4,925**
Net cash from investing activities		**4,787**	**4,925**
Cash flow from financing activities			
Dividend paid		**-**	**(1,100,000)**
Net cash from financing activities		**-**	**(1,100,000)**
Net increase in cash and cash equivalents		**70,780**	**(136,823)**
Cash and cash equivalents at beginning of year		**47,232**	**184,055**
Cash and cash equivalents at end of year		**118,012**	**47,232**

The notes on page 13 to 27 form part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Benteler Steel/Tube (UK) Limited ("the company") is a private company incorporated and registered and domiciled in England in the UK. The registered number is 2172472 and the registered office is Global House, Sitka Drive, Shrewsbury Business Park, Shrewsbury, SY2 6LG.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the Company for the year ended 31 December 2019 and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019.

The Company's financial statements are presented in sterling which is also the functional currency of the Company.

Going concern

The Company has sufficient resources which will allow it to continue as a going concern for the foreseeable future and to continue to adopt the going concern basis of accounting. Current revenue in the UK are still stable and management have assessed lower impact due to the nature of business mainly agent service. Since the Company's primary activity is commission income for Group's sales to UK customers, the directors do not estimate a major impact on the going concern assumption in relation to Brexit uncertainty.

Measurement convention

The financial statements are prepared on the historical cost basis. Non-current asset and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Financial instruments

(a) Classification and measurement

The application of the new classification and measurement requirements of IFRS 9 led to no material reclassifications or measurement effects. The financial instruments either to be recognized in profit or loss at fair value continue to be carried at fair value. Financial instruments in the loans and receivables category are held to collect cash flows and serve exclusively for the collection of interest and repayments. They are therefore measured at amortized cost.

(b) Impairments

As a result of the introduction of IFRS 9 adjustments must now equal the credit losses expected over the term of the financial asset and no longer only the credit losses that have already occurred.

For trade receivables the Company uses the simplified approach, according to which adjustments always equal the amount of the credit loss expected over the term of the financial asset.

(c) Hedge accounting

All hedging relationships for which hedge accounting was used in accordance with IAS 39 also fulfil the application conditions required in accordance with IFRS 9, so the new hedge accounting provisions have no material effects on the consolidated financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Intra-group financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Non- Derivative

Non- Derivative financial instruments comprise trade and other receivables, trade and other payables and cash and cash equivalents.

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less impairment losses.

Trade and other payables

Trade and other payables are stated at their nominal amount (discounted if material).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Impairment

The carrying amounts of the Company's assets other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Notes *(continued)*

1 Accounting policies *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Computer	- 25% per annum
Fixtures and fittings	- 15% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Revenue

Revenue is recognised dependant on the trade terms, goods on the transfer of ownership to the customer, commission on the specified obligation fulfilled under agreed agent agreement.

Type of service – Standard goods

Nature and timing of satisfaction of performance obligations, including significant payment terms

Customers obtain control of standard products when the goods are delivered to customers premises. Invoices are generated at that point in time. Invoices are usually payable within 60 days. No discounts are provided for standard products.

Revenue is recognised when the goods are delivered to customers premises. The customer does not have the right to return the product unless it is faulty.

Type of service – Commission

Nature and timing of satisfaction of performance obligations, including significant payment terms

The Company acts as an agent and its performance obligation is to arrange for the provision of the specified goods i.e. to ensure that customer takes delivery of the products promptly after having received the notice of dispatch and to promptly pay the principal according to the agreed payment terms. The terms of business are agreed in individual cases. Any business only becomes effective with the written confirmation of order of principal.
Invoices are usually payable within 60 days.

Notes *(continued)*

1 Accounting policies *(continued)*

The Company recognises the revenue on a net basis corresponding to commission to which it expects to be entitled, and the commission is received as a fixed percentage of individual sales invoice when the transaction has been completed. Revenue is stated net of Value Added Tax and is attributable to marketing of tubular steel.

Expenses

Finance income and expenses

Net financing income/expense comprises interest payable, interest receivable on funds invested and foreign exchange gains and losses that are recognised in the income statement.

Interest income and interest expense is recognised in profit or loss as it accrues, using the effective interest method.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Changes in significant accounting policies

IFRS 16 (policy applicable from 1 January 2019)

IFRS 16 Leases was applied by the Company for the first time on January 1, 2019.

FRS 16 Leases replaces IAS 17 Leases. It sets out the principle for the recognition, measurement, presentation and disclosure of leases for both lessee and lessor. It eliminates the classification of leases as either operating or finance leases and introduces a single lessee accounting model where the lessee is required to recognise assets and liabilities for all material leases that have a term greater than a year.

Under IFRS 16, leases are capitalised by recognising the present value of the lease payments. This has the effect of increased lease assets and financial liabilities for the group. The simplified method of adoption of IFRS 16 has been applied from 1 January 2019.

Notes *(continued)*

2 Revenue

Revenue analysed by geographical location

	2019	2018
	£	£
UK	**828,953**	110,490
Non-UK	**492,717**	578,331
Total revenues	**1,321,670**	688,821

Revenue disaggregated by major products/service lines.

	2019	2018
	£	£
Product sales	**828,953**	110,490
Commission income	**492,717**	578,331
Total revenues	**1,321,670**	688,821

Revenue for all product lines above are recorded at a point in time.

3 Expenses and auditors' remuneration

Included in other operating expenses are the following:

	2019	2018
	£	£
Staff costs (note 4)	**113,478**	139,410
Depreciation of property, plant and equipment (note 8)	**15,282**	790

Auditors' remuneration:

Audit of these financial statements	**7,000**	**7,500**
Non-audit services	-	**4,558**

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2019	2018
Administration	**2**	2

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	**97,049**	120,693
Social security costs	**11,029**	13,317
Contributions to defined contribution plans	**5,400**	5,400
	113,478	139,410

Notes *(continued)*

5 Directors' remuneration

The directors' remuneration were borne by another group company in 2018 and 2019, except for one of the directors employed in the year.

	2019	2018
	£	£
Director's emoluments	**77,523**	114,647
Contributions to defined contribution plans	**5,400**	5,400

6 Finance income and expense

	2019	2018
	£	£
Interest receivable from group undertakings	**4,789**	4,925
Total financial income	**4,789**	4,925
Bank charges	**(1,209)**	(709)
Interest payable to group undertakings	**(381)**	(74)
Other interests	**(475)**	(1,815)
Total financial expense	**(2,065)**	(2,598)

7 Taxation

Recognised in the income statement

	2019	2018
	£	£
Current tax *expense*		
Current year	**75,582**	60,059
Total current tax expense	**75,582**	60,059
Deferred tax expense		
Origination and reversal of temporary difference	**(10)**	(937)
Adjustments in respect of prior periods	**-**	-
Total deferred tax credit	**(10)**	937
Total expense in income statement	**75,572**	59,122

Notes *(continued)*

7 **Taxation** *(continued)*

Reconciliation of effective tax rate

	2019	2018
	£	£
Profit before tax	**396,624**	**307,478**
Tax using the UK corporation tax rate of 19% *(2018: 19%)*	**75,359**	**58,421**
Non-deductible expenses	**223**	**1,638**
Timing differences	**(10)**	**(937)**
Total tax in income statement	**75,572**	**59,122**

Factors that may affect future tax charges

Please note that from 1 April 2017 the main rate of corporation tax was reduced to 19%. A further reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

8 Property, plant and equipment

	Buildings	Fixtures and fittings	Motor vehicles	Computer and phone systems	Total
	£	£	£	£	£
Cost					
Balance at 1 January 2018	-	1,666	-	2,259	3,925
Balance at 31 December 2018	-	1,666	-	2,259	3,925
Balance at 1 January 2019	-	1,666	-	2,259	3,925
IFRS16 Adjustment	7,228	-	21,722	3,413	32,363
Balance at 31 December 2019	7,228	1,666	21,722	5,672	36,288
Depreciation* and *impairment					
Balance at 1 January 2018	-	494	-	1,143	1,637
Depreciation charge for the year	-	251	-	539	790
Balance at 31 December 2018	-	745	-	1,683	2,428
Balance at 1 January 2019	-	745	-	1,683	2,428
Depreciation charge for the year	6,672	250	6,358	2,002	15,282
Balance at 31 December 2019	6,672	995	6,358	3,685	17,710
Net book value					
At 31 December 2018	-	921	-	577	1,498
At 31 December 2019	**556**	**671**	**15,364**	**1,987**	**18,578**

Notes *(continued)*

9 Trade and other receivables

	2019	2018
	£	£
Trade receivables	**173,841**	31,915
Trade receivables due from group undertakings	**883,832**	683,112
Prepayments and accrued income	**4,564**	6,136
Deferred tax	-	7,538
	1,062,237	728,701

The company's exposure to credit and currency risks and impairment losses relating to trade and other receivables is disclosed in note 14. Included within the trade and other receivables is £Nil *(2018:£Nil)* expected to be recovered in more than 12 month.

Interest is earned on trade receivable due from group undertakings at the rate of 0.49% *(2018: 0.49%)* per annum.

10 Cash and cash equivalents

	2019	2018
	£	£
Cash and cash equivalents	**118,012**	47,232

11 Trade and other payables

	2019	2018
	£	£
Trade payables	**256,799**	113,782
Other taxation and social security	**64,056**	45,578
Trade payables due to group undertakings	**54,807**	57,247
Accruals and deferred income	**92,809**	168,750
Lease liabilities (Note 15)	**17,230**	-
	485,701	385,357

Included within trade and other payables is £9,306 *(2018:£Nil)* expected to be settled in more than 12 months.

12 Employee benefits

The Company contributes in a number of personal defined contribution pension plans. The assets of the schemes are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund which amounted to £540 *(2018: £5,400)*. There were no pension contributions outstanding at the balance sheet date *(2018: £42,750)*.

Notes *(continued)*

13 Share capital

	2019	2018
	£	£
Allotted, called up and fully paid:		
100,000 ordinary shares of £1 each	**100,000**	100,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

14 Financial instruments

Overview

The Company has exposure to currency, interest rate, credit and liquidity risk that arises in the normal course of the Company's business. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Fair value of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand.

Interest-bearing financial instruments

Fair value, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

The following table shows the carrying value of financial instruments on the balance sheet. The carrying value of financial instruments closely approximates their fair value.

Notes *(continued)*

14 Financial instruments *(continued)*

	2019	2018
	£	£
Financial assets		
Trade receivables	**173,841**	31,915
Receivables due from group undertakings	**883,832**	683,112
Cash at bank	**118,012**	47,232
Total financial assets	**1,175,685**	762,259
Financial liabilities		
Trade payables	**256,799**	113,782
Other payables	**174,095**	214,328
Trade payables due to group undertakings	**54,807**	57,247
Total financial liabilities	**485,701**	385,357

Foreign currency risk

The Company is exposed to foreign currency risk for transactions that are denominated in a currency other than the Great British Pound (GBP). The Company's exposure to foreign currency risk, based on notional amounts is summarised as follows:

	Foreign currency amount	GBP equivalent
2019		
Assets		
Trade receivables – EUR	**121,667**	**104,039**
Total financial assets		**104,039**
Liabilities		
Trade payables		
- EUR	**444,455**	**379,427**
		379,427
2018		
Assets		
Trade receivables – EUR	130,406	116,977
Total financial assets		116,977
Liabilities		
Trade payables		
- EUR	271,395	243,832
		243,832

Notes *(continued)*

14 Financial instruments *(continued)*

Sensitivity analysis

A 10% strengthening of the pound sterling against the Euro at year end would have increased the Company's equity and profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

	GBP	
	2019	2018
	£	£
Trade receivables	**10,404**	11,697
Trade payables	**(37,943)**	(24,383)
Net effect	**(27,539)**	(12,686)

A 10% weakening of the pound sterling against the Euro above the year end would have had the equal but opposite effect on the reported profit and equity to the amounts shown above, on the basis that all other variables remain constant.

Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables. Management has a credit risk policy and exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £1,075,685 *(2018: £762,259)* being the total of the carrying amount of the financial asset shown in the table.

Trade receivable balances at year end are aged as follows (including balances due from group companies):

	2019 Gross	**Impairment**	2018 Gross	Impairment
	£	**£**	£	£
Current	**1,057,673**	-	715,027	-
	1,057,673	-	715,027	-

Notes *(continued)*

14 Financial instruments *(continued)*

Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing its liquidity is to ensure, as far as possible, that it has sufficient liquidity available to meet its liabilities when due, both under normal and adverse economic conditions, without incurring unacceptable losses or risking damage to its reputation.

The Company ensures that it has sufficient cash on demand to meet its expected operational expenses for a period of 60 days, including the servicing of any financial obligations. This excludes the potential impact of extreme circumstances which cannot be reasonably predicted, for example, natural disasters.

The Company's financial liabilities based on contractual cash flow is summarised as follows:

2019

	Contractual cash flow £	Carrying amount £
Trade payables	**311,606**	**311,606**
Other payables	**174,095**	**144,369**
	485,701	**455,975**

2018

	Contractual cash flow £	Carrying amount £
Trade payables	171,029	171,029
Other payables	214,328	214,328
	385,357	385,357

15 Operating leases

Capital commitments

At the year end the company had no capital commitments.

Contingent liabilities

At the year end the company had no contingent liabilities.

Lease commitments

The company has total future minimum lease payments under non-cancellable operating lease commitments as follows:

Notes *(continued)*

At 31 December 2019	2019	2018
	£	£
Due within one year	8,306	16,883
Due within two to five years	9,306	21,552
Due after five years	-	-
	17,612	38,435

16 Related parties

Identity of related parties

The Company has a related party relationship with its holding company and key management personnel.

Transactions with key management personnel

The Company's key management personnel are the directors. Details of directors' remuneration are given in note 5. There were no other transactions with key management personnel in either the current or preceding year.

Other related party transactions

During the year the company had the following transactions with its related parties:

	Sales to related party		Interest receivable from related party	
	2019	2018	**2019**	2018
	£	£	**£**	£
Other group undertakings	**562,364**	638,090	-	-
Holding company	-	-	**4,787**	4,925
	562,364	638,090	**4,787**	4,925

	Balance due from related party		Balance due to related party	
	2019	2018	**2019**	2018
	£	£	**£**	£
Other group undertakings	-	-	**54,807**	57,247
Holding company	**883,832**	683,112	-	-
	883,832	683,112	**54,807**	57,247

The company has entered into a cross guarantee with the following UK companies, Benteler Automotive UK Limited and Benteler Holdings Limited in respect of security for liabilities.

Notes *(continued)*

17 Capital management

The Company is financed through a combination of its ordinary share capital and related party funding.

18 Ultimate parent company and parent company of larger group

The parent company is Benteler Stahl/Rohl International GmbH, a company incorporated in Germany.

The ultimate parent company and ultimate controlling party is Benteler International AG, a company incorporated and registered in Austria. Copies of the financial statements of the ultimate parent company can be obtained from Benteler International Ag, Schillerstrasse 25 – 27, 5070 Salzburg, Austria.

19 Subsequent events

The impact of the current situation concerning COVID-19 on the financial performance in 2020 cannot be determined reliably at this point. Management expects fluctuations in demand in the short run and meets this risk through the implementation of emergency plans. Due to the current situation concerning COVID-19, a short-term outlook is subject to a high degree of uncertainty. On the basis of the company's market position, management expects a positive development on the demand side in the medium and long term.

20 Approval of financial statements

The board of directors approved these financial statements for issue on the 31 March 2020.