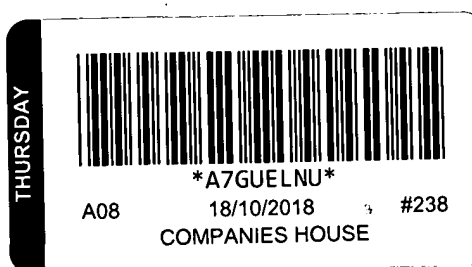


**Benteler Steel/Tube (UK) Limited (formerly
Benteler (UK) Limited)**

**Annual report and financial
statements**

Registered number 02172472

For the year ended 31 December 2017



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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. During the year the Company changed its name to Benteler Steel/Tube (UK) Limited, from Benteler (UK) Limited.

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. There has been a increase in turnover despite of the continuing worldwide downturn in the oil and gas industry. The increase is due mainly to a change of the company's commission contract with Group Company from 'paid when paid' basis to 'invoiced' basis. 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 6.

Proposed dividend

No dividend was paid during the year (2016: £1,200,000).

Political and charitable contributions

The Company made no political contributions during the year (2017: £Nil). Donations to UK charities amounted to £Nil (2016: £150).

Principal risks and uncertainties

The Company's forecasts and projections, taking account of reasonably 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.

Going concern

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.

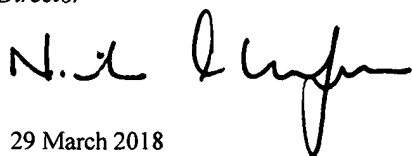
Environment

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.

By order of the board

N Goodyear

Director



29 March 2018

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2017.

Directors

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

T Wiedeking
NL Goodyear

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.

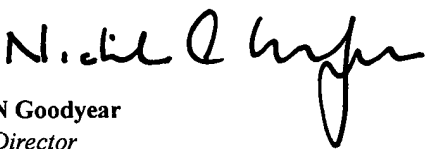
Disclosure of information to auditor

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 the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


N Goodyear
Director

Global House
Sitka Drive
Shrewsbury Business Park
Shrewsbury
SY2 6LG

29 March 2018

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

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) 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 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.



KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

Independent auditor's report to the members of Benteler Steel/Tube (UK) Limited (formerly Benteler (UK) Limited)

Opinion

We have audited the financial statements of Benteler Steel/Tube (UK) Limited (formerly Benteler (UK) Limited) ("the company") for the year ended 31 December 2017 which comprise the Statement of profit and loss and other comprehensive income, Balance Sheet, Statement of changes in equity, Statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2017 and of the company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Benteler Steel/Tube (UK) Limited (formerly Benteler (UK) Limited) (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

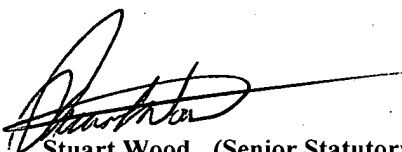
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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.



**Stuart Wood (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH*

29 March 2018

Statement of profit and loss and other comprehensive income
for the year ended 31 December 2017

	<i>Note</i>	2017 £	2016 £
Revenue	2	1,086,314	587,322
Cost of sales		(160,775)	(143,742)
Gross profit		925,539	443,580
Other operating expenses	3	(244,332)	(183,036)
Operating profit		681,207	260,544
Financial income	6	90,921	240,997
Financial expenses	6	(750)	(675)
Net financing income		90,171	240,322
Profit before tax		771,378	500,866
Taxation	7	(147,712)	(101,754)
Profit for the financial year		623,666	399,112
Other comprehensive income for the year net of income tax		-	-
Total comprehensive income for the year		623,666	399,112

All operations of the company relate to continuing activities.

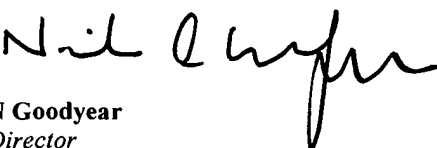
The notes on page 10 to 23 form part of these financial statements.

Balance sheet
as at 31 December 2017

	<i>Note</i>	2017 £	2016 £
Assets			
Non-current assets			
Property, plant and equipment	8	2,288	3,522
Current assets			
Trade and other receivables	9	1,371,319	1,004,270
Cash and cash equivalents	10	184,055	99,490
		1,555,374	1,103,760
Total assets		1,557,662	1,107,282
Liabilities			
Current liabilities			
Trade and other payables	11	(313,944)	(487,230)
Total liabilities		(313,944)	(487,230)
Net assets		1,243,718	620,052
Share capital and reserves			
Share capital	13	100,000	100,000
Retained earnings		1,143,718	520,052
Total equity		1,243,718	620,052

The notes on page 10 to 23 form part of these financial statements.

These financial statements were approved by the board of directors on 29 March 2018 and were signed on its behalf by:


N Goodyear
Director

Company register number: 2172472

Statement of changes in equity
for the year ended 31 December 2017

	Share capital £	Retained earnings £	Total equity £
Balance at 1 January 2016	100,000	1,320,940	1,420,940
Total comprehensive income for the year			
Profit for the year and total recognised income and expense	-	399,112	399,112
Transactions recorded directly in equity – dividend paid	-	(1,200,000)	(1,200,000)
Balance at 31 December 2016	100,000	520,052	620,052
Balance at 1 January 2017	100,000	520,052	620,052
Total comprehensive income for the year			
Profit for the year and total recognised income and expense	-	623,666	623,666
Balance at 31 December 2017	100,000	1,143,718	1,243,718

The notes on page 10 to 23 form part of these financial statements.

Statement of cash flows
for year ended 31 December 2017

	<i>Note</i>	2017 £	2016 £
Cash flows from operating activities			
Profit for the year		623,666	399,112
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment		815	933
Financial income	6	(90,921)	(240,997)
Financial expense	6	750	675
Taxation	7	147,712	101,754
Foreign exchange differences		45,635	217,679
Loss on disposal of fixed assets	3	419	-
Operating cash flows before changes in working capital and provisions		728,076	479,156
(Increase)/decrease in trade and other receivables		(364,722)	1,130,813
Decrease in trade and other payables		(173,286)	(347,342)
Cash generated from operations		190,068	1,262,627
Interest paid		(750)	(675)
Tax paid		(60,076)	(67,254)
Net cash inflow from operating activities		129,242	1,194,698
Cash flows from investing activities			
Interest received		1,490	610
Acquisition of property, plant and equipment	8	-	(1,996)
Net cash from investing activities		1,490	(1,386)
Cash flow from financing activities			
Dividend paid		-	(1,200,000)
Net cash from financing activities		-	(1,200,000)
Net increase in cash and cash equivalents		130,732	(6,688)
Effects from foreign exchange rate fluctuations		(46,167)	(22,708)
Cash and cash equivalents at beginning of year		99,490	128,886
Cash and cash equivalents at end of year		184,055	99,490

The notes on page 10 to 23 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Benteler UK Limited ("the former 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. On 27 July 2017, the company changed its name to Benteler Steel/Tube (UK) Limited ("the Company").

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 2016 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 2017.

The Company's financial statements are presented in sterling.

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report.

The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's ultimate parent Benteler International AG to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Benteler group to continue as a going concern or its ability to continue with the current banking arrangements.

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

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.

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.

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. Land is not depreciated. 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.

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)

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 from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, that is, normally in connection with delivery.

Revenue represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of Value Added Tax.

Revenue and pre-tax profit, all of which arises in the United Kingdom, is attributable to one activity, the marketing and sale of tubular steel.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

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.

Notes (continued)

1 Accounting policies (continued)

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The Company is currently assessing the impact of IFRS 16 on its financial statements. For the others, based on the Company's assessment, a material impact is not expected on the Company's financial statements in the period of initial application.

• IFRS 9 – Financial Instruments

IFRS 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

i. Classification – Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

Based on its assessment, the Company does not believe that the new classification requirements will have a material impact on its accounting for financial assets, since it has not designated any financial assets as FVOCI or FVTPL. The Company only has financial assets currently classified as loans and receivables, which will continue to be recorded at amortised cost as per IFRS 9.

ii. Impairment – Financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

Based on experience, the Company does not expect a material impact on adoption of IFRS 9, as the credit risk is presumed to be very low.

Notes (continued)

1 Accounting policies (continued)

Standards issued but not yet effective (continued)

iii. Classification – Financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

• IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

i. Sales of goods

For the sale of goods, revenue is currently recognised when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. Based on the Company's assessment the timing of revenue recognition will continue to be the same once IFRS 15 is applied.

• IFRS 16 – Leases

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company is currently assessing the potential impact of IFRS 16 on its financial statements.

Notes (continued)

2 Revenue

Revenue analysed by geographical location

	2017 £	2016 £
UK	97,460	153,045
Non-UK	988,854	434,277
Total revenues	<u>1,086,314</u>	<u>587,322</u>

3 Expenses and auditors' remuneration

Included in other operating expenses are the following:

	2017 £	2016 £
Staff costs (note 4)	117,222	107,085
Depreciation of property, plant and equipment – owned assets (note 8)	815	933
Operating lease rentals:		
Motor vehicles	6,324	6,324
Other	11,486	10,799
Loss on disposal of fixed assets	419	-
	<u>135,866</u>	<u>125,141</u>

Auditors' remuneration:

Audit of these financial statements	8,000	3,700
Non-audit services	850	850
	<u>8,850</u>	<u>4,550</u>

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	
	2017	2016
Administration	2	2

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	101,102	92,610
Social security costs	10,720	9,075
Contributions to defined contribution plans	5,400	5,400
	<u>117,222</u>	<u>107,085</u>

Notes (continued)

5 Directors' remuneration

The directors' remuneration were borne by another group company in 2016 and 2017, except for one of the directors employed in the year.

	2017 £	2016 £
Director's emoluments	86,099	93,467
Contributions to defined contribution plans	5,400	5,400

6 Finance income and expense

	2017 £	2016 £
Interest receivable from group undertakings	1,490	66
Net foreign exchange gain	46,054	240,387
Other interest	-	544
Other income	43,377	-
Total financial income	90,921	240,997
Interest payable on bank overdrafts	(745)	(668)
Interest payable to group undertakings	(5)	(7)
Total financial expense	(750)	(675)

7 Taxation

Recognised in the income statement

	2017 £	2016 £
Current tax expense		
Current year	149,767	101,754
Total current tax expense	149,767	101,754
Deferred tax expense		
Origination and reversal of temporary difference	(965)	-
Adjustments in respect of prior periods	(1,090)	-
Total deferred tax credit	(2,055)	-
Total expense in income statement	147,712	101,754

Notes (continued)

7 Taxation (continued)

Reconciliation of effective tax rate

	2017 £	2016 £
Profit before tax	771,378	500,866
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	148,490	100,173
Non-deductible expenses	184	1,581
Adjustments in respect of prior periods	(1,090)	-
Difference in deferred tax rate	128	-
Total tax in income statement	147,712	101,754

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional 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. The deferred tax asset at 31 December 2017 has been calculated based on these rates.

8 Property, plant and equipment

	Computer £	Fixtures and fittings £	Total £
Cost			
Balance at 1 January 2016	1,410	3,869	5,279
Additions	849	1,147	1,996
Balance at 31 December 2016	2,259	5,016	7,275
Balance at 1 January 2017	2,259	5,016	7,275
Disposals	-	(3,350)	(3,350)
Balance at 31 December 2017	2,259	1,666	3,925
Depreciation and impairment			
Balance at 1 January 2016	226	2,594	2,820
Depreciation charge for the year	352	581	933
Balance at 31 December 2016	578	3,175	3,753
Balance at 1 January 2017	578	3,175	3,753
Depreciation charge for the year	565	250	815
Disposals	-	(2,931)	(2,931)
Balance at 31 December 2017	1,143	494	1,637
Net book value			
At 31 December 2016	1,681	1,841	3,522
At 31 December 2017	1,116	1,172	2,288

Notes (continued)

9 Trade and other receivables

	2017 £	2016 £
Trade receivables	-	215,261
Trade receivables due from group undertakings	1,363,157	745,773
Prepayments and accrued income	1,561	2,522
Deferred tax	6,601	4,546
Tax recoverable	-	14,036
Other debtors	-	22,132
	<u>1,371,319</u>	<u>1,004,270</u>

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 (2016: £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% per annum.

10 Cash and cash equivalents

	2017 £	2016 £
Cash and cash equivalents	<u>184,055</u>	<u>99,490</u>

11 Trade and other payables

	2017 £	2016 £
Trade payables	82,253	348,518
Other taxation and social security	86,732	4,169
Trade payables due to group undertakings	-	1,112
Accruals and deferred income	144,959	133,431
	<u>313,944</u>	<u>487,230</u>

Included within trade and other payables is £Nil (2016: £Nil) expected to be settled in more than 12 months.

12 Employee benefits

The Company participates in a number of defined contribution pension plans. The assets of the scheme 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 £5,400 (2016: £5,400). There were no pension contributions outstanding or prepaid at the balance sheet date (2016: £Nil).

Notes (continued)

13 Share capital

	2017 £	2016 £
<i>Allotted, called up and fully paid:</i>		
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)

	2017 £	2016 £
Financial assets		
Trade receivables	-	215,261
Receivables due from group undertakings	1,363,157	745,773
Cash at bank	184,055	99,490
	<hr/>	<hr/>
Total financial assets	1,547,212	1,060,524
	<hr/>	<hr/>
Financial liabilities		
Trade payables	82,253	348,518
Other payables	231,691	137,600
Trade payables due to group undertakings	-	1,112
	<hr/>	<hr/>
Total financial liabilities	313,944	487,230
	<hr/>	<hr/>

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
2017		
Assets		
Trade receivables – EUR	142,159	126,152
	<hr/>	<hr/>
Total financial assets		126,152
		<hr/>
Liabilities		
Trade payables - EUR	172,099	152,778
	<hr/>	<hr/>
		152,778
		<hr/>
2016		
Assets		
Trade receivables – EUR	251,365	215,261
	<hr/>	<hr/>
Total financial assets		215,261
		<hr/>
Liabilities		
Trade payables - EUR	406,971	348,518
	<hr/>	<hr/>
		348,518
		<hr/>

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 2016.

	GBP	
	2017 £	2016 £
Trade receivables	12,615	21,526
Trade payables	(15,278)	(34,852)
Net effect	(2,663)	(13,326)

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 £Nil (2016: £215,261) 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):

	2017 Gross £	Impairment £	2016 Gross £	Impairment £
Current	1,363,157	-	745,773	-
30-90 days	-	-	147,963	-
90-365 days	-	-	-	-
>365 days	-	-	67,298	-
	1,363,157	-	961,034	-

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:

2017

	Contractual cash flow £	Carrying amount £000
Trade payables	82,253	82,253
Other payables	231,691	231,691
	<u>313,944</u>	<u>313,944</u>

2016

	Contractual cash flow £	Carrying amount £000
Other trade payables	348,518	348,518
Other payables	137,600	137,600
Trade payable due to group undertakings	1,112	1,112
	<u>487,230</u>	<u>487,230</u>

15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017 £	2016 £
Less than one year	15,568	14,148
Between one and five years	12,404	17,221
	<u>27,972</u>	<u>31,369</u>

During the year £17,810 was recognised as an expense in the income statement in respect of operating leases (2016: £17,123) (also refer note 3).

The company leases various vehicles, equipment and buildings under these operating leases.

Notes (continued)

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	
	2017 £	2016 £	2017 £	2016 £
Other group undertakings	962,174	470,199	-	-
Holding company	-	-	1,490	66
	<u>962,174</u>	<u>470,199</u>	<u>1,490</u>	<u>66</u>
	<u><u>962,174</u></u>	<u><u>470,199</u></u>	<u><u>1,490</u></u>	<u><u>66</u></u>
	Balance due from related party		Balance due to related party	
	2017 £	2016 £	2017 £	2016 £
Other group undertakings	-	-	-	1,112
Holding company	1,363,157	745,773	-	-
	<u>1,363,157</u>	<u>745,773</u>	<u>-</u>	<u>1,112</u>
	<u><u>1,363,157</u></u>	<u><u>745,773</u></u>	<u><u>-</u></u>	<u><u>1,112</u></u>

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

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/Rohr 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.