

Benteler Steel/Tube (UK) Limited

Annual report and financial statements

Registered number 02172472

For the year ended 31 December 2021

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Directors	Franz-Josef Wuschem (appointed 20/04/2021) Nick Goodyear Wilhelmus Matheus Maria Louis Bosch (resigned 31/03/2021)
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 Ireland
Bankers	NatWest Bank 104-110 Fore Street Edmonton London United Kingdom N18 2XA Deutsche Bank Bahnhofstraße 1 33102 Paderborn Germany

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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.

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 10.

Proposed dividend

No dividend was paid during the year (2020: £Nil).

Political and charitable contributions

The Company made no political contributions during the year (2020: £Nil). There were no donations to UK charities in 2021 (2020: £Nil).

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

Following the Brexit Trade and Cooperation Agreement reached between the United Kingdom of Great Britain and Northern Ireland and the European Union, Benteler Steel/Tube (UK) ensured a smooth transition of business throughout 2021. Having a UK base Benteler Steel/Tube (UK) were able to support clients and partners through this significant period of uncertainty and change.

During 2021 the lack of availability faced by the logistics industry remained but by working closely with partners the situation in general was managed well to ensure that all client's needs were fulfilled.

As the Covid restrictions began to ease across UK and Ireland most major markets returned to growth albeit from a low base load. The Hydraulic market has seen volume levels increase significantly and into 2022 will surpass pre-Covid levels. All major stockists looked to replenish depleted inventory levels, but this was challenging for the sector given the rising demand across the market.

The Automotive market volume remained below expected levels as a direct result of supply chain issues faced by the OEM's due to the global shortage of semi-conductors and no immediate improvement is expected in the short-term.

The major challenge the Steel Industry faced during 2021 was the constant pressure from increasing raw material costs. Scrap prices continued to increase due to global developments driven initially by Russia who introduced a surcharge for all scrap exports. Further strain was seen on global scrap costs when changes in Chinese environmental legislation came into place with the goal of the country achieving climate neutrality by 2060.

Energy prices for both gas and electricity continued significantly to rise during quarter 3 and quarter 4 of 2021. The global outlook for energy market remains uncertain for 2022 with costs expected to further increase.

The company remains well paced to support its core market of UK and Ireland with the cooperation of the group manufacturing facilities.

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

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.

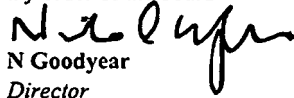
Relationship with HMRC

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

29 March 2022

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2021.

Directors

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

NL Goodyear
FJ Wuschem (appointed 20/04/2021)
W Bosch (resigned 31/03/2021)

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

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

By order of the board


N Goodyear
Director

Global House
Sitka Drive
Shrewsbury Business Park
Shrewsbury
SY2 6LG

29 March 2022

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BENTELER STEEL/TUBE (UK) LIMITED

Opinion

We have audited the financial statements of Benteler Steel/Tube (UK) Limited (the 'company') for the year ended 31 December 2021 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 2021 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.

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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our audit procedures to evaluate the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the company's ability to continue as a going concern;
- Evaluating the directors' method to assess the company's ability to continue as a going concern;
- Evaluating the key assumptions used and judgements applied by the directors in forming their conclusions on going concern; and
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BENTELER STEEL/TUBE (UK) LIMITED

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BENTELER STEEL/TUBE (UK) LIMITED

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 the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

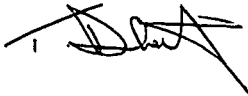
There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF BENTELER STEEL/TUBE (UK) LIMITED**

Use of the audit report

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.



Tommy Doherty (Senior Statutory Auditor)
for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2

29 March 2022

**Statement of profit and loss and other comprehensive income
for the year ended 31 December 2021**

	<i>Note</i>	2021 £	2020 £
Revenue	2	545,076	466,779
Cost of sales		-	(155,501)
Gross profit		545,076	311,278
Other operating income		85,802	60,295
Other operating expenses	3	(217,636)	(294,717)
Operating profit		413,242	76,856
Financial income	6	738	2,178
Financial expenses	6	(1,134)	(1,950)
Net financing income / (expense)		(396)	228
Profit before tax		412,846	77,084
Taxation	7	(78,424)	(14,016)
Profit for the financial year		334,422	63,068
Other comprehensive income for the year net of income tax		-	-
Total comprehensive income for the year		334,422	63,068

All operations of the company relate to continuing activities.

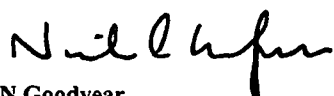
The notes on page 14 to 29 form part of these financial statements.

Balance sheet
as at 31 December 2021

	<i>Note</i>	2021 £	2020 £
Assets			
Non-current assets			
Property, plant and equipment	8	287	459
Rights of use assets	9	10,399	24,048
		<u>10,686</u>	<u>24,507</u>
Current assets			
Trade and other receivables	10	1,320,164	1,175,048
Cash and cash equivalents	11	25,021	26,140
		<u>1,345,185</u>	<u>1,201,188</u>
Total assets		<u><u>1,355,871</u></u>	<u><u>1,225,695</u></u>
Liabilities			
Current liabilities			
Trade and other payables	12	(245,255)	(449,501)
Total liabilities		<u><u>(245,255)</u></u>	<u><u>(449,501)</u></u>
Net assets		<u><u>1,110,616</u></u>	<u><u>776,194</u></u>
Share capital and reserves			
Share capital	14	100,000	100,000
Retained earnings		1,010,616	676,194
Total equity		<u><u>1,110,616</u></u>	<u><u>776,194</u></u>

The notes on page 14 to 29 form part of these financial statements.

These financial statements were approved by the board of directors on 29 March 2022 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 2021

	Share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	100,000	613,126	713,126
Total comprehensive income for the year			
Profit for the year	-	63,068	63,068
Balance at 31 December 2020	100,000	676,194	776,194
Balance at 1 January 2021	100,000	676,194	776,194
Total comprehensive income for the year			
Profit for the year	-	334,422	334,422
Balance at 31 December 2021	100,000	1,010,616	1,110,616

The notes on page 14 to 29 form part of these financial statements.

Statement of cash flows
for year ended 31 December 2021

	<i>Note</i>	2021 £	2020 £
Cash flows from operating activities			
Profit for the year		334,422	63,068
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	8	13,821	15,532
Lease expenses/adjustment	8	(19,326)	(17,434)
Financial income	6	(738)	(2,178)
Financial expense	6	1,134	1,950
Taxation	7	78,424	14,016
Foreign exchange differences		(5,001)	8,298
Operating cash flows before changes in working capital and provisions		402,736	83,252
(Increase)/Decrease in trade and other receivables		(145,116)	(112,811)
(Decrease)/Increase in trade and other payables		(213,001)	(6,457)
Cash generated from operations		44,619	(36,016)
Interest paid		(1,132)	(5,767)
Tax paid		(45,344)	(52,267)
Net cash inflow from operating activities		(1,857)	(94,050)
Cash flows from investing activities			
Interest received		738	2,178
Net cash from investing activities		738	2,178
Cash flow from financing activities			
Dividend paid		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		(1,119)	(91,872)
Cash and cash equivalents at beginning of year		26,140	118,012
Cash and cash equivalents at end of year		25,021	26,140

The notes on page 14 to 29 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 02172472 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 2020 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 2021.

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.

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.

IFRS 16

IFRS 16 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

	2021 £	2020 £
UK	-	181,776
Non-UK	545,076	285,003
Total revenues	545,076	466,779

Revenue disaggregated by major products/service lines.

	2021 £	2020 £
Product sales	-	181,776
Commission income	545,076	285,003
Total revenues	545,076	466,779

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:

	2021 £	2020 £
Staff costs (note 4)	107,273	113,855
Depreciation of property, plant and equipment (note 8)	172	424
Depreciation of right of use assets (note 9)	13,649	15,110

Auditors' remuneration:

Audit of these financial statements	6,935	7,000
Non-audit services	-	-

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	
	2021	2020
Administration	1	2

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	77,384	99,723
Social security costs	9,248	8,732
Contributions to defined contribution plans	20,641	5,400
	107,273	113,855

Notes (continued)

5 Directors' remuneration

The directors' remuneration were borne by another group company in 2021 and 2020, except for one of the directors employed in the year.

	2021 £	2020 £
Director's emoluments	86,632	85,105
Contributions to defined contribution plans	20,641	5,400
	<u> </u>	<u> </u>

6 Finance income and expense

	2021 £	2020 £
Interest receivable from group undertakings	(738)	(2,178)
	<u> </u>	<u> </u>
Total financial income	(738)	(2,178)
	<u> </u>	<u> </u>
Bank charges	646	901
Interest payable to group undertakings	215	554
Other interests	272	495
	<u> </u>	<u> </u>
Total financial expense	1,133	1,950
	<u> </u>	<u> </u>

7 Taxation

Recognised in the income statement

	2021 £	2020 £
Current tax expense		
Current year	78,469	14,810
Adjustments in respect of prior periods	2	(8,034)
	<u> </u>	<u> </u>
Total current tax expense	78,471	6,776
	<u> </u>	<u> </u>
Deferred tax expense		
Origination and reversal of temporary difference	(20)	861
Adjustment in respect of prior periods	-	7,267
Effect of tax rate change on opening balance	(27)	(888)
	<u> </u>	<u> </u>
Total deferred tax credit	(47)	7,240
	<u> </u>	<u> </u>
Total expense in income statement	78,424	14,016
	<u> </u>	<u> </u>

Notes (continued)

7 Taxation (continued)

Reconciliation of effective tax rate

	2021 £	2020 £
Profit before tax	412,846	77,084
Tax using the UK corporation tax rate of 19% (2020: 19%)	78,441	14,643
Non-deductible expenses	67	173
Adjustment to tax charge in respect of previous periods	2	(8,034)
Adjustments to tax charge in respect of previous periods – deferred tax	-	7,267
Remeasurement of deferred tax for changes in tax rates	(86)	(33)
Timing differences	-	-
Total tax in income statement	78,424	14,016

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.

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

8 Property, plant and equipment

	Fixtures and fittings	Computer and phone systems	Total
	£	£	£
Cost			
Balance at 1 January 2020	1,666	2,259	3,925
Balance at 31 December 2020	<u>1,666</u>	<u>2,259</u>	<u>3,925</u>
Balance at 1 January 2021	<u>1,666</u>	<u>2,259</u>	<u>3,925</u>
Additions	-	-	-
Balance at 31 December 2021	<u>1,666</u>	<u>2,259</u>	<u>3,925</u>
Depreciation and impairment			
Balance at 1 January 2020	995	2,047	3,042
Depreciation charge for the year	212	212	424
Balance at 31 December 2020	<u>1,207</u>	<u>2,259</u>	<u>3,466</u>
Balance at 1 January 2021	<u>1,207</u>	<u>2,259</u>	<u>3,466</u>
Depreciation charge for the year	172	-	309
Balance at 31 December 2021	<u>1,379</u>	<u>2,259</u>	<u>3,775</u>
Net book value			
At 31 December 2020	459	-	459
At 31 December 2021	<u>287</u>	<u>-</u>	<u>287</u>

9 Right of use assets

	Buildings	Motor vehicles	Computer and phone systems	Total
	£	£	£	£
Cost				
Balance at 1 January 2020	7,228	21,722	3,413	32,363
Additions	21,464	-	-	21,464
Disposals	(7,228)	-	-	(7,228)
Balance at 31 December 2020	<u>21,464</u>	<u>21,722</u>	<u>3,413</u>	<u>46,599</u>
Balance at 1 January 2021	<u>21,464</u>	<u>21,722</u>	<u>3,413</u>	<u>46,599</u>
Additions	-	-	-	-
Disposals	-	-	-	-
Balance at 31 December 2021	<u>21,464</u>	<u>21,722</u>	<u>3,413</u>	<u>46,599</u>
Depreciation and impairment				
Balance at 1 January 2020	6,672	6,358	1,638	14,668
Depreciation charge for the year	7,115	6,358	1,638	15,110
Disposals during the year	(7,228)	-	-	(7,228)
Balance at 31 December 2020	<u>6,559</u>	<u>12,716</u>	<u>3,276</u>	<u>22,550</u>
Balance at 1 January 2021	<u>6,559</u>	<u>12,716</u>	<u>3,276</u>	<u>22,550</u>
Depreciation charge for the year	7,155	6,358	137	13,649
Balance at 31 December 2021	<u>13,714</u>	<u>19,074</u>	<u>3,413</u>	<u>36,200</u>
Net book value				
At 31 December 2020	<u>14,905</u>	<u>9,006</u>	<u>137</u>	<u>24,048</u>
At 31 December 2021	<u>7,750</u>	<u>2,648</u>	<u>-</u>	<u>10,399</u>

Notes (continued)

10 Trade and other receivables

	2021 £	2020 £
Trade receivables	-	176,998
Trade receivables due from group undertakings	1,317,939	954,435
Prepayments and accrued income	2,225	37,553
Tax receivable	-	6,062
	<u>1,320,164</u>	<u>1,175,048</u>

The company's exposure to credit and currency risks and impairment losses relating to trade and other receivables is disclosed in note 15. Included within the trade and other receivables is £Nil (2020: £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% (2020: 0.49%) per annum.

11 Cash and cash equivalents

	2021 £	2020 £
Cash and cash equivalents	<u>25,021</u>	<u>26,140</u>

12 Trade and other payables

	2021 £	2020 £
Trade payables	69,109	242,473
Other taxation and social security	6,990	37,071
Trade payables due to group undertakings	53,915	58,071
Accruals and deferred income	85,521	90,131
Lease liabilities (Note 15)	2,701	21,755
Tax payable	27,019	-
	<u>245,255</u>	<u>449,501</u>

Included within trade and other payables is £Nil (2020: £Nil) expected to be settled in more than 12 months.

13 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 £20,641 (2020: £5,400). There were no pension contributions outstanding at the balance sheet date (2020: £Nil).

Notes (continued)

14 Share capital

	2021 £	2020 £
<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.

15 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)

15 Financial instruments (continued)

	2021 £	2020 £
Financial assets		
Trade receivables	-	176,998
Receivables due from group undertakings	1,317,939	954,435
Cash at bank	25,021	26,140
Tax receivable	-	6,062
	<hr/>	<hr/>
Total financial assets	1,342,960	1,163,635
	<hr/>	<hr/>
Financial liabilities		
Trade payables	69,109	242,473
Other payables	95,212	148,957
Trade payables due to group undertakings	53,915	58,071
Tax payable	27,019	-
	<hr/>	<hr/>
Total financial liabilities	245,255	449,501
	<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:

Notes (continued)

15 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 2021.

	GBP	
	2021	2020
	£	£
Trade receivables	6,973	17,700
Trade payables	(12,302)	(37,742)
Net effect	(5,329)	(20,042)

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 £1,342,960 (2020: £1,163,635) 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):

	2021		2020	
	Gross	Impairment	Gross	Impairment
	£	£	£	£
Current	1,317,939	-	1,131,433	-
	<u>1,317,939</u>	<u>-</u>	<u>1,131,433</u>	<u>-</u>

Notes (continued)

15 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:

2021

	Contractual cash flow £	Carrying amount £
Trade payables	123,024	123,024
Other payables	122,231	122,231
	<hr/>	<hr/>
	245,255	245,255
	<hr/>	<hr/>

2020

	Contractual cash flow £	Carrying amount £
Trade payables	300,544	300,544
Other payables	148,957	148,957
	<hr/>	<hr/>
	449,501	449,501
	<hr/>	<hr/>

16 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 2021

	2021	2020
	£	£
Due within one year	2,701	15,093
Due within two to five years	-	11,155
Due after five years	-	-
	<u>2,706</u>	<u>26,248</u>

17 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	
	2021	2020	2021	2020
	£	£	£	£
Other group undertakings	545,078	285,003	-	-
Holding company	-	-	738	1,709
	<u>545,078</u>	<u>285,003</u>	<u>738</u>	<u>1,709</u>

	Balance due from related party		Balance due to related party	
	2021	2020	2021	2020
	£	£	£	£
Other group undertakings	-	-	53,915	58,071
Holding company	1,317,939	954,435	-	-
	<u>1,317,939</u>	<u>954,435</u>	<u>53,915</u>	<u>58,071</u>

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)

18 Capital management

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

19 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.

20 Subsequent events

There have been no subsequent events affecting the company since the year end.

21 Approval of financial statements

The board of directors approved these financial statements for issue on the 29 March 2022.