

SCANDIASTEEL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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COMPANIES HOUSE

SCANDIASTEEL LIMITED

COMPANY INFORMATION

DIRECTORS

Giancarlo Giuseppe Codoni
Kaleigh Jennifer Rumsey

COMPANY SECRETARY

Kingsley Secretaries Limited

REGISTERED NUMBER

02759083

REGISTERED OFFICE

Office 1
35 Princess Street
Rochdale
Greater Manchester
OL12 0HA

INDEPENDENT AUDITOR

V Logan FCCA
Chartered Certified Accountant & Registered Auditor
Atherton House
13 Lower Southend Road
Wickford
Essex
SS11 8AB

ACCOUNTANTS

Hamble Tax & Accountancy Limited
35 Princess Street
Rochdale
Greater Manchester
OL12 0HA

SCANDIASTEEL LIMITED

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SCANDIASTEEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activities of the group continued to be the trading of iron and steel products.

RESULTS

The loss for the year, after taxation, amounted to €1,079,957 (2012 - loss €837,135).

DIRECTORS

The directors who served during the year were:

Giancarlo Giuseppe Codoni
Kaleigh Jennifer Rumsey

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.


AUDITOR

SCANDIASTEEL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

The auditor, V Logan FCCA, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


.....
Giancarlo Giuseppe Codoni
Director

Date: 26/9/14

SCANDIASTEEL LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

BUSINESS REVIEW

The directors have reviewed and assessed the results of the group for the year and consider that this review should focus on the activities of Euronord SpA, being the major trading party of the group.

In 2013, as in 2012 the downturn in the economy and more specifically in the industrial segments have heavily affected the European and Italian steel markets.

The Company has changed the products range aiming to offer an higher quality to their clients, the investment made in 2011 on a new cutting line, has helped the tightening of the delivery time and a granted "just in time" service.

An important agreement has been signed with an Italian steel mill for de-coiling operations on lego basis, this has allowed the covering of the full productivity of the cutting line, (nowadays working on 2 shifts) and the consolidation of a purchasing trend towards this mill which has become during 2012 the reference supplier.

The sale force has been increased with new agents (totally 12 units) covering the full Italian territory and all the personnel has been instructed to manage the new Company's selling policy and market strategy.

PRINCIPAL RISKS AND UNCERTAINTIES

As mentioned above, the principal risks and uncertainties are predominantly derived from the downturn in the economy and more specifically in the industrial segments have heavily affected the European and Italian steel markets.

This report was approved by the board on

26/9/14

and signed on its behalf.


.....
Giancarlo Giuseppe Codoni
Director

SCANDIASTEEL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SCANDIASTEEL LIMITED

I have audited the financial statements of Scandiasteel Limited for the year ended 31 December 2013, set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for my audit work, for this report, or for the opinions I have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

OPINION ON FINANCIAL STATEMENTS

In my opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2013 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In my opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

SCANDIASTEEL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SCANDIASTEEL LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for my audit have not been received from branches not visited by me; or
- the parent company 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
- I have not received all the information and explanations I require for my audit.



V Logan FCCA

Chartered Certified Accountant
Registered Auditor

Atherton House
13 Lower Southend Road
Wickford
Essex
SS11 8AB

Date: 29 September 2014

SCANDIASTEEL LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 €	2012 €
TURNOVER	1	29,778,070	32,482,169
Cost of sales		<u>(26,225,982)</u>	<u>(28,386,243)</u>
GROSS PROFIT		3,552,088	4,095,926
Administrative expenses		(4,532,075)	(5,497,793)
Other operating income	2	<u>25,043</u>	<u>730,327</u>
OPERATING LOSS	3	(954,944)	(671,540)
Interest receivable and similar income		29,048	13,336
Interest payable and similar charges	5	<u>(300,920)</u>	<u>(284,632)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,226,816)	(942,836)
Tax on loss on ordinary activities	6	<u>146,859</u>	<u>105,701</u>
LOSS FOR THE FINANCIAL YEAR	17	<u>(1,079,957)</u>	<u>(837,135)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 11 to 23 form part of these financial statements.

SCANDIASTEEL LIMITED
REGISTERED NUMBER: 02759083

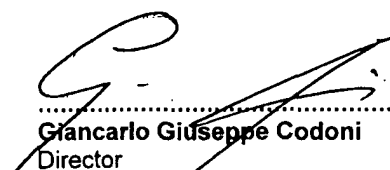
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	€	2013 €	€	2012 €
FIXED ASSETS					
Intangible assets	7		589,244		503,362
Tangible assets	8		10,994,298		11,592,309
Investments	9		124		124
			<u>11,583,666</u>		<u>12,095,795</u>
CURRENT ASSETS					
Stocks	10	3,613,527		5,684,987	
Debtors	11	17,597,728		14,766,657	
Cash at bank and in hand		257,329		323,536	
		<u>21,468,584</u>		<u>20,775,180</u>	
CREDITORS: amounts falling due within one year	12	(20,034,587)		(17,938,874)	
NET CURRENT ASSETS			<u>1,433,997</u>		<u>2,836,306</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>13,017,663</u>		<u>14,932,101</u>
CREDITORS: amounts falling due after more than one year	13		(1,653,590)		(2,220,705)
PROVISIONS FOR LIABILITIES					
Other provisions	15		(46,251)		(43,276)
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>11,317,822</u>		<u>12,668,120</u>
Defined benefit pension scheme liability			(557,602)		(527,943)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>10,760,220</u>		<u>12,140,177</u>
CAPITAL AND RESERVES					
Called up share capital	16		1,534		1,534
Other reserves	17		148,845		148,845
Profit and loss account	17		10,609,841		11,989,798
SHAREHOLDERS' FUNDS	18		<u>10,760,220</u>		<u>12,140,177</u>

SCANDIASTEEL LIMITED

**CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 DECEMBER 2013**

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
Giancarlo Giuseppe Codoni
Director

Date: 26/1/14

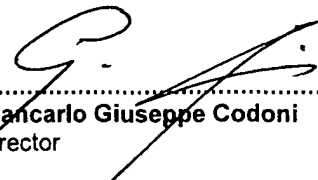
The notes on pages 11 to 23 form part of these financial statements.

SCANDIASTEEL LIMITED
REGISTERED NUMBER: 02759083

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	€	2013 €	€	2012 €
FIXED ASSETS					
Tangible assets	8		2,096		61,572
Investments	9		2,644,617		2,644,617
			<u>2,646,713</u>		<u>2,706,189</u>
CURRENT ASSETS					
Debtors	11	1,459,288		1,702,325	
Cash at bank		239,542		280,508	
		<u>1,698,830</u>		<u>1,982,833</u>	
CREDITORS: amounts falling due within one year	12	<u>(114,807)</u>		<u>(73,696)</u>	
NET CURRENT ASSETS			<u>1,584,023</u>		<u>1,909,137</u>
NET ASSETS			<u><u>4,230,736</u></u>		<u><u>4,615,326</u></u>
CAPITAL AND RESERVES					
Called up share capital	16		1,534		1,534
Profit and loss account	17		4,229,202		4,613,792
SHAREHOLDERS' FUNDS	18		<u><u>4,230,736</u></u>		<u><u>4,615,326</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Giancarlo Giuseppe Codoni
 Director

Date: 26/9/14

The notes on pages 11 to 23 form part of these financial statements.

SCANDIASTEEL LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 €	2012 €
Net cash flow from operating activities	20	(910,275)	7,514,661
Returns on investments and servicing of finance	21	(271,872)	(271,296)
Taxation		164,186	(155,791)
Capital expenditure and financial investment	21	(199,284)	(437,720)
Equity dividends paid		(300,000)	(250,000)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(1,517,245)	6,399,854
Financing	21	(550,559)	(878,487)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(2,067,804)	5,521,367

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 €	2012 €
(Decrease)/Increase in cash in the year	(2,067,804)	5,521,367
Cash outflow from decrease in debt and lease financing	550,559	878,487
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(1,517,245)	6,399,854
New finance lease	-	(2,949,750)
MOVEMENT IN NET DEBT IN THE YEAR	(1,517,245)	3,450,104
Net debt at 1 January 2013	(11,564,341)	(15,014,445)
NET DEBT AT 31 DECEMBER 2013	(13,081,586)	(11,564,341)

The notes on pages 11 to 23 form part of these financial statements.

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Basis of consolidation

The financial statements consolidate the accounts of Scandiasteeel Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.4 Goodwill and intangible fixed assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Plant & machinery	-	Varying rates between 7.5% and 30% straight line
Motor vehicles	-	25% straight line
Other fixed assets	-	15% and 25% straight line

1.6 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment.

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES (continued)

1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is recognised in respect of the retained earnings of an overseas subsidiary, associate or joint venture only to the extent that there is a commitment to remit the earnings.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into euros at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into euros at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. OTHER OPERATING INCOME

	2013 €	2012 €
Other operating income	25,043	102,819
Sundry income	-	627,508
	<u>25,043</u>	<u>730,327</u>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2013 €	2012 €
Amortisation - intangible fixed assets	68,261	68,485
Depreciation of tangible fixed assets:		
- owned by the group	271,043	274,313
- held under finance leases	397,575	298,181
Operating lease rentals:		
- other operating leases	55,409	59,729
Difference on foreign exchange	1,513	7,830
Amortisation of deferred research and development expenditure	10,601	580
Amortisation of deferred research and development expenditure	-	580
	<u>68,261</u>	<u>68,485</u>

During the year, no director received any emoluments (2012 - €NIL).

4. AUDITORS' REMUNERATION

	2013 €	2012 €
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	8,201	7,237
	<u>8,201</u>	<u>7,237</u>

5. INTEREST PAYABLE

	2013 €	2012 €
On other loans	37	177
On finance leases and hire purchase contracts	95,779	71,497
Other interest payable	205,104	212,958
	<u>300,920</u>	<u>284,632</u>

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

6. TAXATION

	2013 €	2012 €
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge/(credit) on loss for the year	-	(5,536)
Adjustments in respect of prior periods	2,147	4,949
	<u>2,147</u>	<u>(587)</u>
Foreign tax on income for the year	20,014	33,699
	<u>22,161</u>	<u>33,112</u>
Total current tax		
	<u>22,161</u>	<u>33,112</u>
Deferred tax (see note 14)		
Deferred tax released	(169,020)	(138,813)
	<u>(146,859)</u>	<u>(105,701)</u>
Tax on loss on ordinary activities		
	<u>(146,859)</u>	<u>(105,701)</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2012 - the same as) the standard rate of corporation tax in the UK of 24% (2012 - 26%) as set out below:

	2013 €	2012 €
Loss on ordinary activities before tax	(1,226,816)	(942,836)
	<u>(1,226,816)</u>	<u>(942,836)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	(294,436)	(245,137)
Effects of:		
Adjustments to tax charge in respect of prior periods	2,147	(4,949)
Short term timing difference leading to an increase (decrease) in taxation	(848)	(848)
Other timing differences leading to an increase (decrease) in taxation	169,020	138,813
Foreign tax	-	104,266
Adjustments due to different tax rates	146,278	40,967
	<u>22,161</u>	<u>33,112</u>
Current tax charge for the year (see note above)		
	<u>22,161</u>	<u>33,112</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

7. INTANGIBLE FIXED ASSETS

Group	Patents & licences €	Develop- ment €	Goodwill €	Negative goodwill €	Other intangible assets €
Cost					
At 1 January 2013	21,986	2,900	9,167	(3,743,899)	574,286
Additions	-	50,106	-	-	114,638
At 31 December 2013	21,986	53,006	9,167	(3,743,899)	688,924
Amortisation					
At 1 January 2013	21,561	1,160	9,167	(3,743,899)	73,089
Charge for the year	425	10,601	-	-	67,836
At 31 December 2013	21,986	11,761	9,167	(3,743,899)	140,925
Net book value					
At 31 December 2013	-	41,245	-	-	547,999
At 31 December 2012	425	1,740	-	-	501,197

Group	Total €
Cost	
At 1 January 2013	(3,135,560)
Additions	164,744
At 31 December 2013	(2,970,816)
Amortisation	
At 1 January 2013	(3,638,922)
Charge for the year	78,862
At 31 December 2013	(3,560,060)
Net book value	
At 31 December 2013	589,244
At 31 December 2012	503,362

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

8. TANGIBLE FIXED ASSETS

	Land & buildings €	Plant & machinery €	Motor vehicles €	Other fixed assets €
Group				
Cost				
At 1 January 2013	9,977,829	3,815,101	197,744	344,964
Additions	38,540	24,099	50,172	69,517
Disposals	-	(2,639)	(247,916)	(50,784)
At 31 December 2013	<u>10,016,369</u>	<u>3,836,561</u>	<u>-</u>	<u>363,697</u>
Depreciation				
At 1 January 2013	1,222,566	1,117,529	142,172	261,062
Charge for the year	164,304	450,926	29,043	24,345
On disposals	-	(1,731)	(171,215)	(16,672)
At 31 December 2013	<u>1,386,870</u>	<u>1,566,724</u>	<u>-</u>	<u>268,735</u>
Net book value				
At 31 December 2013	<u>8,629,499</u>	<u>2,269,837</u>	<u>-</u>	<u>94,962</u>
At 31 December 2012	<u>8,755,263</u>	<u>2,697,572</u>	<u>55,572</u>	<u>83,902</u>

	Total €
Group	
Cost	
At 1 January 2013	14,335,638
Additions	182,328
Disposals	(301,339)
At 31 December 2013	<u>14,216,627</u>
Depreciation	
At 1 January 2013	2,743,329
Charge for the year	668,618
On disposals	(189,618)
At 31 December 2013	<u>3,222,329</u>
Net book value	
At 31 December 2013	<u>10,994,298</u>
At 31 December 2012	<u>11,592,309</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2013 €	2012 €
Group		
Plant and machinery	<u>1,869,244</u>	<u>2,266,819</u>

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Company	Plant & machinery €	Motor vehicles €	Other fixed assets €	Total €
Cost				
At 1 January 2013	14,032	197,744	1,942	213,718
Additions	-	50,172	-	50,172
Disposals	(2,639)	(247,916)	-	(250,555)
At 31 December 2013	11,393	-	1,942	13,335
Depreciation				
At 1 January 2013	8,335	142,172	1,639	152,146
Charge for the year	2,799	29,043	197	32,039
On disposals	(1,731)	(171,215)	-	(172,946)
At 31 December 2013	9,403	-	1,836	11,239
Net book value				
At 31 December 2013	1,990	-	106	2,096
At 31 December 2012	5,697	55,572	303	61,572

9. FIXED ASSET INVESTMENTS

Group	Unlisted investments €
Cost or valuation	
At 1 January 2013 and 31 December 2013	124
Net book value	
At 31 December 2013	124
At 31 December 2012	124

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Euronord SPA	Ordinary	51 %
Intrasteel SA	Ordinary	100 %

The aggregate of the share capital and reserves as at 31 December 2013 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves €	Profit/(loss) €
Euronord SPA	10,155,223	(980,578)
Intrasteel SA	595,774	(14,789)

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

9. FIXED ASSET INVESTMENTS (continued)

Company	Investments in subsidiary companies €	Loans to subsidiaries €	Total €
Cost or valuation			
At 1 January 2013 and 31 December 2013	2,594,617	50,000	2,644,617
Net book value			
At 31 December 2013	2,594,617	50,000	2,644,617
At 31 December 2012	2,594,617	50,000	2,644,617

10. STOCKS

	<u>Group</u>		<u>Company</u>	
	2013 €	2012 €	2013 €	2012 €
Raw materials	3,613,527	5,684,987	-	-

11. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2013 €	2012 €	2013 €	2012 €
Due after more than one year				
Other debtors	280	280	-	-
Deferred tax asset (see note 14)	835,038	666,867	-	-
Due within one year				
Trade debtors	15,106,085	11,859,719	85,670	-
Other debtors	1,615,115	1,965,589	1,357,797	1,679,506
Prepayments and accrued income	37,350	45,934	15,821	22,819
Tax recoverable	39,773	265,029	-	-
Deferred tax asset (see note 14)	(35,913)	(36,761)	-	-
	17,597,728	14,766,657	1,459,288	1,702,325

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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12. CREDITORS:
Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	€	€	€	€
Bank loans and overdrafts	11,351,545	9,349,948	-	-
Net obligations under finance leases and hire purchase contracts	333,780	317,224	-	-
Trade creditors	7,986,607	7,973,274	10,326	1,080
Corporation tax	78,331	59,901	-	4,243
Other creditors	183,889	174,200	4,046	4,046
Accruals and deferred income	100,435	64,327	100,435	64,327
	20,034,587	17,938,874	114,807	73,696

13. CREDITORS:
Amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	€	€	€	€
Bank loans	-	233,334	-	-
Net obligations under finance leases and hire purchase contracts	1,653,590	1,987,371	-	-
	1,653,590	2,220,705	-	-

Creditors include amounts not wholly repayable within 5 years as follows:

	Group		Company	
	2013	2012	2013	2012
	€	€	€	€
Repayable by instalments	134,942	544,048	-	-

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group		Company	
	2013	2012	2013	2012
	€	€	€	€
Between one and five years	1,518,648	1,443,322	-	-
After five years	134,942	544,048	-	-
	1,653,590	1,987,370	-	-

The finance lease is secured on the asset to which it relates.

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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14. DEFERRED TAXATION

	Group		Company	
	2013	2012	2013	2012
	€	€	€	€
At beginning of year	630,106	454,935	-	-
Released during the year (P&L)	169,019	175,171	-	-
At end of year	799,125	630,106	-	-

The deferred taxation balance is made up as follows:

	Group		Company	
	2013	2012	2013	2012
	€	€	€	€
Accelerated capital allowances	35,913	36,761	-	-
Tax losses brought forward	(835,038)	(666,867)	-	-
	(799,125)	(630,106)	-	-

15. PROVISIONS

Group	Other provisions €
At 1 January 2013	43,276
Additions	2,975
At 31 December 2013	46,251

Other provisions

No particulars are disclosed of the other provisions as the amounts are deemed to be immaterial.

The Company has no provisions.

16. SHARE CAPITAL

	2013	2012
	€	€
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,534	1,534

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

17. RESERVES

	Other reserves €	Profit and loss account €
Group		
At 1 January 2013	148,845	11,989,798
Loss for the financial year		(1,079,957)
Dividends: Equity capital		(300,000)
At 31 December 2013	<u>148,845</u>	<u>10,609,841</u>
		Profit and loss account €
Company		
At 1 January 2013		4,613,792
Loss for the financial year		(84,590)
Dividends: Equity capital		(300,000)
At 31 December 2013		<u>4,229,202</u>

The closing balance on the Profit and loss account includes a €NIL (2012 - €NIL) credit, stated after deferred taxation of €NIL (2012 - €NIL), in respect of pension scheme liabilities of the Group and Company pension scheme.

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 €	2012 €
Group		
Opening shareholders' funds	12,140,177	13,227,312
Loss for the financial year	(1,079,957)	(837,135)
Dividends (Note 19)	(300,000)	(250,000)
Closing shareholders' funds	<u>10,760,220</u>	<u>12,140,177</u>
	2013 €	2012 €
Company		
Opening shareholders' funds	4,615,326	4,916,855
Loss for the financial year	(84,590)	(51,529)
Dividends (Note 19)	(300,000)	(250,000)
Closing shareholders' funds	<u>4,230,736</u>	<u>4,615,326</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The loss for the year dealt with in the accounts of the company was €84,590 (2012 - €-51,529).

SCANDIASTEEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

19. DIVIDENDS

	2013 €	2012 €
Dividends paid on equity capital	<u>300,000</u>	<u>250,000</u>

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 €	2012 €
Operating loss	(954,944)	(671,540)
Amortisation of intangible fixed assets	78,862	69,065
Depreciation of tangible fixed assets	668,618	572,494
Profit on disposal of tangible fixed assets	(36,067)	-
Decrease in stocks	2,071,460	3,459,057
(Increase)/decrease in debtors	(2,829,966)	3,455,340
Increase in creditors	59,128	629,115
Increase in provisions	2,975	1,130
Increase in net pension assets/liabilities	29,659	-
Net cash (outflow)/inflow from operating activities	<u>(910,275)</u>	<u>7,514,661</u>

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2013 €	2012 €
Returns on investments and servicing of finance		
Interest received	29,048	13,336
Interest paid	(205,141)	(213,135)
Hire purchase interest	(95,779)	(71,497)
Net cash outflow from returns on investments and servicing of finance	<u>(271,872)</u>	<u>(271,296)</u>
	2013 €	2012 €
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(164,744)	(562,421)
Purchase of tangible fixed assets	(182,328)	(539,540)
Sale of tangible fixed assets	147,788	664,241
Net cash outflow from capital expenditure	<u>(199,284)</u>	<u>(437,720)</u>

SCANDIASTEEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2013 €	2012 €
Financing		
Repayment of loans	(233,334)	(233,332)
Repayment of finance leases	(317,225)	(645,155)
Net cash outflow from financing	(550,559)	(878,487)

22. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2013 €	Cash flow €	Acquisition €	Other non-cash changes €	31 December 2013 €
Cash at bank and in hand	323,536	(66,207)	-	-	257,329
Bank overdraft	(9,349,948)	(2,001,597)	-	-	(11,351,545)
	(9,026,412)	(2,067,804)	-	-	(11,094,216)
Debt:					
Finance leases	(2,304,595)	317,225	(2,949,750)	2,949,750	(1,987,370)
Debts due within one year	-	233,334	-	(233,334)	-
Debts falling due after more than one year	(233,334)	-	-	233,334	-
Net debt	(11,564,341)	(1,517,245)	(2,949,750)	2,949,750	(13,081,586)

23. RELATED PARTY TRANSACTIONS

The company has taken exemption from FRS8, not to disclose related party transactions on the basis that they are transacted between wholly owned members of the group.

24. CONTROLLING PARTY

Scandiasteel Limited is the ultimate parent company of the group. The ultimate controlling party is Mr M Montrasio.

25. PRINCIPAL SUBSIDIARIES

Company name	Country	Shareholding	Description
	Luxembourg	100%	Holding company
	Italy	100%	Trading of iron and steel

Scandiasteel Limited owns 100% of the share capital in Intrasteel SA. Scandiasteel owns 51% of the share capital in Euronord SPA, the remaining 49% is owned by Intrasteel SA.