

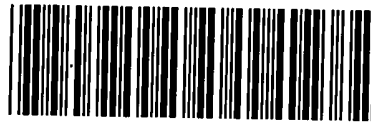
Company Registration No: 04386308

Metal One UK Limited

Annual report and financial statements

for the year ended 31 March 2018

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Metal One UK Limited
Company registration No. 04386308

Annual report and financial statements for the year ended 31 March 2018

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Metal One UK Limited
Company registration No. 04386308

Officers and professional advisers

Directors

R Saito
Y Amakawa
N Takashi

Secretary

R Saito

Registered Office

Mid City Place
71 High Holborn
London
WC1V 6BA

Solicitors

Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London
EC1A 2FG

Bankers

MUFG Bank Ltd.
Ropemaker Place
25 Ropemaker Street
London
EC2Y 9AN

Auditor

Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ

Metal One UK Limited

Company registration No. 04386308

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activities and financial review

The company's principal activities are the wholesale of steel products. With a view to increasing global steel demand, we are trying to expand our business in various steel products, such as piping goods, titanium, stainless steel, steel bar, hot roll coil, tin plate, etc.

As shown in the company's profit and loss account on page 9, the company's turnover increased by 16% (2017: increased by 43%).

The gross profit for the year increased by 8% to £3,415,496 (2017: £3,134,927) while there was a net operating profit of £473,910 (2017: loss of £3,041,848).

Foreign exchange losses of £159,334 (2017: gains of £272,433) have been realised for the year. All of the gains and losses relate to trading transactions and are due to movements in foreign exchange rates. The larger than usual loss is mainly attributable to the recovery of the value of the British Pound after the drastic drop of value the previous year due to the uncertainty of Brexit.

The borrowing interest costs of £59,865 (2017: £42,750) were slightly higher than the previous year, but still are relatively low and stable due to high cash balances and low interest rates during the last few years. The interest costs are expected to decrease in the future due to less trading transactions when financing is required.

The company uses gross profit margin as a key performance indicator. The basis of calculation is dividing the gross profit by turnover as shown on page 9 of these financial statements. The result this year is 4.84% (2017: 5.16%).

The Titanium, Stainless and High performance alloys department represent 70% (2017: 55%) of the total turnover and 66% (2017: 65%) of gross profit. This business section has a significantly lower gross profit margin than the traditional energy business, however, this level of gross profit margin is expected to remain as the Titanium, Stainless and High performance alloys department is becoming the main pillar of Metal One UK Limited.

Principal risks and uncertainties

Due to the nature of the steel trade business, the company faces competitive pressures, which could result in losing sales to its key competitors. The company manages this risk by giving fast responses and services to customers, not only in supplying products but also in handling all customer requests, and by maintaining strong relationships with customers.

Because of the trading nature of the company, the directors consider credit risk is relevant to this company. This risk is mitigated by credit insurance, periodic credit reviews on existing customers and suppliers as well as stringent business analysis and credit checks on new customers. Short-term bank loans have significantly decreased and the directors consider the interest rate risk is low. The company manages this risk by integrating interest costs into pricing and by timely accounts receivable collection.

Foreign exchange risk represents a challenging issue for the company as majority of trading transactions are denominated in foreign currencies, particularly USD, EUR and JPY. The management is monitoring the variations in exchange rates very closely while mitigating the risk by using derivative instruments such as forward contracts and currency swaps.

Business developments and future prospects

The company is currently in the process of strengthening its profitability after experiencing significant losses due to unforeseen circumstances during the past two years. We are also reviewing our function, competitive advantage and key value drivers in today's steel market while considering our business possibilities within the recovering economy within Europe and some of our other regions. As a result, the company went through a restructuring programme during FY2017 and selected the commodities and business fields that have the most potential to help achieve their goals.

Metal One UK Limited
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Strategic report (continued)

We are continuing our efforts to expand our sales activity in Africa, CIS, Middle East and Central Asia where we see growth potential in the future while minimizing our risks and utilizing various insurance schemes and/or related companies' appropriate information.

Approved by the Board of Directors
and signed on behalf of the Board



Raitaro Saito
Managing Director

29 June 2018

Metal One UK Limited
Company Registration No. 04386308

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2018.

Information presented in other sections

Information relating to future developments has been included in the Strategic Report.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Dividends

No dividends were declared and paid during the financial year ending 31 March 2018 (2017: Nil).

Directors

The current directors are shown on page 2. The directors who served throughout the year and up to the date of this report except as noted were:

R Saito
K Ito (Resigned 6 November 2017)
S Suda (Appointed 6 November 2017 and resigned 20 April 2018)
K Iwamoto (Resigned 20 April 2018)
Y Amakawa (Appointed 20 April 2018)
N Takashi (Appointed 20 April 2018)

Post balance sheet event

There were no post balance sheet events to be reported.

Political contributions and charitable donations

The Company made no political contributions or charitable donations during the year (2017: £nil).

Auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as the auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board


Raitaro Saito
Managing Director
29 June 2018

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Metal One UK Limited
Company registration No. 04386308

Independent auditor's report to the members of Metal One UK Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Metal One UK Ltd (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Metal One UK Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Metal One UK Limited
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Independent auditor's report to the members of Metal One UK Limited
(continued)

Use of our 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.

Report on other legal and regulatory requirements

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 have been prepared in accordance with applicable legal requirements.

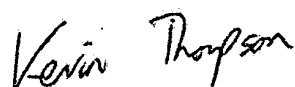
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.



Kevin Thompson (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

29 June 2018

Metal One UK Limited
Company registration No. 04386308

Profit and loss account

For the year ended 31 March 2018

	Note	2018 £	2017 £
Turnover	4	70,516,528	60,777,769
Cost of sales		(67,101,032)	(57,642,842)
Gross profit		3,415,496	3,134,927
Administrative expenses		(3,442,536)	(3,152,674)
Foreign Exchange (losses)/gains		(159,334)	272,433
Other operating income	5	647,531	509,887
Provision for doubtful receivables	14	12,753	(3,806,421)
Operating profit/(loss)	6	473,910	(3,041,848)
Interest receivable and similar income	8	4,909	34,763
Interest payable and similar charges	9	(59,865)	(42,750)
Profit/(loss) before taxation		418,954	(3,049,835)
Tax	10	-	-
Profit/(loss) for the financial year and total comprehensive income/(loss) for the period attributable to the owners of the Company		418,954	(3,049,835)

Turnover and operating loss are all derived from continuing operations.

Metal One UK Limited
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Balance sheet
As at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	17,546	32,387
		<u>17,546</u>	<u>32,387</u>
Current assets			
Stocks	13	323,513	1,045,344
Debtors	14		
- due within one year		20,141,872	24,046,681
- due after one year		1,374	25,732
Cash at bank and in hand		239,610	568,650
		<u>20,706,369</u>	<u>25,686,407</u>
Creditors: amounts falling due within one year	15	(20,000,928)	(27,414,761)
Net current assets/(liabilities)		<u>705,441</u>	<u>(1,728,354)</u>
Total assets less current liabilities and net assets/(liabilities)		<u><u>722,987</u></u>	<u><u>(1,695,967)</u></u>
Capital and reserves			
Called up share capital	16	10,000,000	8,000,000
Profit and loss account		(9,277,013)	(9,695,967)
Equity shareholders' funds/(deficit)		<u><u>722,987</u></u>	<u><u>(1,695,967)</u></u>

The financial statements of Metal One UK Limited (registered number 04386308) were approved by the board of directors and authorised for issue on 29 June 2018. They were signed on its behalf by:



Raitaro Saito
Managing Director

Metal One UK Limited
Company registration No. 04386308

Statement of changes in equity
For the year ended 31 March 2018

	Called up share capital £	Profit and loss account £	Total £
Balance at 1 April 2017	8,000,000	(6,646,132)	1,353,868
Loss for the year and total comprehensive loss for the year	-	(3,049,835)	(3,049,835)
Balance at 31 March 2017	8,000,000	(9,695,967)	(1,695,967)
Profit for the year and total comprehensive income for the year	-	418,954	418,954
Issue of share capital	2,000,000	-	2,000,000
Balance at 31 March 2018	<u>10,000,000</u>	<u>(9,277,013)</u>	<u>722,987</u>

Metal One UK Limited
Company registration No. 04386308

Notes to the financial statements

For the year ended 31 March 2018

1. General Information

Metal One UK Limited (the company) is a private company limited by shares incorporated in England and Wales and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the strategic report on pages 3 to 4.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC).

The financial statements are prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding year.

2. Significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with FRS 101.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, fair value, capital management, the presentation of a cash flow statement, standards not yet effective and related party transactions.

Where relevant, equivalent disclosures have been given in the group Financial Statements of Mitsubishi Corporation or Metal One Corporation. The group financial statements of Mitsubishi Corporation and Metal One Corporation are available to the public and can be obtained as set out in note 20.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Going concern basis

The cash and borrowing positions can be seen on the balance sheet on page 11 and note 15 on page 21. The company has a borrowing facility in place of £14m which is guaranteed by the parent company. This facility is reviewed on an annual basis and is expected to be renewed during the next period. The directors believe that the company is well placed to manage its business risk successfully despite the current uncertain economic outlook.

To provide further financial stability, the sole shareholder, Metal One Corporation, have made a capital injection of £2 million on 28 September 2017.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Notes to the financial statements (continued)

For the year ended 31 March 2018

2. Significant accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided against cost in equal annual instalments over the estimated useful life of the assets.

Plant and machinery	3 years
Furniture, fixtures and fittings	4 years

Stocks

Stocks consist of goods for resale stated at the lower of cost and net realisable value. Cost includes all the expenditure incurred in bringing stocks to their present location and condition.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Turnover is recognised at the point when risk transfers to customers and this is determined by the Incoterms agreed in the sales contracts. This varies for each transaction and customers.

Foreign currencies

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period.

Leases

Rental payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the relevant lease.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Retirement benefit costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Notes to the financial statements (continued)

For the year ended 31 March 2018

2. Significant accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) by using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes or apply hedge accounting.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Notes to the financial statements (continued)

For the year ended 31 March 2018

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are the critical judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Provision of doubtful receivables

In accordance with IAS39, a financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The directors of Metal One UK Limited have applied this policy when two of the company's supplier to whom large amount of prepayments were made breached their contractual obligation and defaulted on the delivery of the ordered materials. The prepaid amounts were also not returned to the company. As the operation by the mills has completely stopped at 31 March 2017, the directors deem it highly probable that the prepayments made have become uncollectible, and as that, a provision for doubtful receivables has been made at the end of FY2016.

Key sources of estimation uncertainty

The directors of Metal One UK Limited have not identified any key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Metal One UK Limited
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Notes to the financial statements (continued)

For the year ended 31 March 2018

4. Turnover

Turnover comprises a single class of business, being the amount received or receivable from the sale of metal products excluding any value-added tax.

An analysis of the Company's turnover by geographical market is set out below:

	2018 £	2017 £
From customers located in Europe	52,736,782	43,437,826
From customers located in Middle East	4,834,932	6,996,469
From customers located in Africa	2,103,205	2,830,955
From customers located in Asia	1,275,556	4,886,408
From customers located in North America	2,418,415	2,626,111
From customers located in South America	7,147,637	-
	<u>70,516,528</u>	<u>60,777,769</u>

5. Other operating income

Other operating income includes management recharges to other group companies for services provided.

6. Operating profit/(loss)

Operating profit has been arrived at after (charging)/crediting:

	2018 £	2017 £
Depreciation of tangible fixed assets – owned assets	(18,490)	(23,176)
Loss on disposal of tangible fixed assets	(532)	-
Foreign exchange (losses)/gains	(159,334)	272,433
Rentals under operating leases - other operating leases	(186,549)	(141,372)
Provision for doubtful receivables	12,753	(3,806,421)
	<u>12,753</u>	<u>(3,806,421)</u>

The analysis of auditor's remuneration is as follows:

Fees payable to the company's auditor for the audit of the company's annual financial statements

	2018 £	2017 £
Total audit fee (Auditing the financial statements)	<u>26,000</u>	<u>28,500</u>
Other services pursuant to legislation		
- Tax services	15,100	15,300
Total non-audit fee	<u>15,100</u>	<u>15,300</u>

Metal One UK Limited
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Notes to the financial statements (continued)

For the year ended 31 March 2018

7. Staff costs

	2018 £	2017 £
Directors' emoluments	62,722	63,467

The aggregate emoluments paid to the highest paid director during the period were: £62,722 in 2018 and £63,467 in 2017.

This does not include the emoluments of two of the directors who are remunerated directly from the ultimate parent in Japan. These directors are also directors of a number of Group companies and do not receive any remuneration for the services to this company.

No pension contributions were made on behalf of the directors.

	2018 £	2017 £
Average number of persons employed (excluding directors)		
Trading and administration	20	20

	£	£
Employee costs (including directors' emoluments)		
Wages and salaries	1,331,403	1,267,653
Social security costs	212,311	213,524
Other pension costs (see note 18)	93,279	78,440
	<u>1,636,993</u>	<u>1,559,617</u>

8. Interest receivable and similar income

	2018 £	2017 £
Bank interest	1,976	1,002
Interest income – overdue receivable	414	32,800
Other interest receivable and similar income	2,519	961
	<u>4,909</u>	<u>34,763</u>

Metal One UK Limited
Company registration No. 04386308

Notes to the financial statements (continued)

For the year ended 31 March 2018

9. Interest payable and similar charges

	2018 £	2017 £
Interest on bank loans	59,865	42,750

10. Tax on loss on ordinary activities

(i) Analysis of tax credit/(charge) on ordinary activities

	2018 £	2017 £
Current tax		
United Kingdom corporation tax at 19% (2017: 20%)	-	-
Adjustment in respect of prior years	-	-
Deferred tax (see note 11)		
Deferred tax arising during the year	-	-
Deferred tax assets arising from previous periods	-	-
Total tax on profit/(loss) on ordinary activities	-	-

(ii) Factors affecting the current tax for the year

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2018 £	2017 £
Profit/(Loss) on ordinary activities before tax	418,954	(3,049,835)
Tax at 19% (2017: 20%) thereon:	(79,601)	609,967
Factors affecting the charge for the period:		
Expenses not deductible for tax purposes	(11,971)	(6,891)
Adjustment in respect of prior years	-	-
Change in unrecognised deferred tax assets	91,572	(603,076)
Total tax on profit/(loss) on ordinary activities	-	-

The standard rate of UK Corporation Tax was reduced from 21% to 20% with effect from 1 April 2015. Finance Act 2015 provides for a future reduction of the Corporation Tax rate to 19% from 1 April 2017. Finance Act 2016 further reduced the rate to 17% with effect from 1 April 2020. These reductions to the tax rate had been substantively enacted at the balance sheet date and have therefore been reflected in these financial statements.

Notes to the financial statements (continued)

For the year ended 31 March 2018

11. Deferred tax assets

The movements on deferred tax are as follows:

	2018 £	2017 £
At 1 April	-	-
Credited/(charged) to profit and loss account	-	-
At 31 March	-	-

Deferred taxation provided and unprovided in the financial statements are as follows:

	Amount provided		Amount unprovided	
	2018 £	2017 £	2018 £	2017 £
Capital allowances in arrears of depreciation	-	-	7,592	7,359
Losses carried forward	-	-	1,599,540	1,682,386
Asset	-	-	1,607,132	1,689,745

A deferred tax asset of £1,607,132 has not been recognised this fiscal year (2017: £1,689,745) as the amount is uncertain to be recovered in the foreseeable future due to a restructuring programme.

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Notes to the financial statements (continued)

For the year ended 31 March 2018

12. Tangible fixed assets

	Plant and machinery £	Furniture, fixtures and fittings £	Total £
Cost			
At 1 April 2017	177,156	46,512	223,668
Additions	2,851	1,330	4,181
Disposals	(13,385)	(1,430)	(14,815)
At 31 March 2018	166,622	46,412	213,034
Accumulated depreciation			
At 1 April 2017	148,222	43,059	191,281
Additions	16,965	1,525	18,490
Disposals	(12,853)	(1,430)	(14,283)
At 31 March 2018	152,334	43,154	195,488
Net book value			
At 31 March 2018	14,288	3,258	17,546
At 31 March 2017	28,934	3,453	32,387

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Notes to the financial statements (continued)

For the year ended 31 March 2018

13. Stocks

	2018 £	2017 £
Finished goods	323,513	1,045,344

14. Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors and accrued income (trade)	23,101,506	27,318,993
Less: allowance for doubtful receivables	(3,388,872)	(3,806,421)
Amounts owed by group undertakings	255,727	307,850
Prepayments	118,407	145,031
VAT	33,710	-
Other debtors	21,394	81,228
	20,141,872	24,046,681

	2018 £	2017 £
Amounts falling due after more than one year:		
Other debtors	1,374	25,732

Below is the table showing the movement in the provision against doubtful receivables. Specific provisions are made against receivables where the prospect of collection is foreseen as unlikely.

Movement in the allowance for doubtful receivables

	2018 £	2017 £
Balance at the beginning of the year	3,806,421	-
Provision charged during the year	-	3,806,421
Provision reversed during the year	(12,753)	-
Change due to foreign currency translation	(404,796)	-
Balance as at end of the year	3,388,872	3,806,421

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Notes to the financial statements (continued)

For the year ended 31 March 2018

15. Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	753,483	12,974,441
Trade creditors	287,131	147,051
Amounts owed to group undertakings	18,452,626	12,882,246
VAT	-	17,898
Other creditors including taxation and social security	200,835	562,164
Accruals and deferred income	306,853	830,961
	<u>20,000,928</u>	<u>27,414,761</u>

The bank loans and overdrafts are guaranteed by the immediate parent company, Metal One Corporation.

16. Called up share capital

	2018 £	2017 £
Authorised:		
1,000,000,000 ordinary shares of £0.01 each	<u>10,000,000</u>	<u>8,000,000</u>
Called up, allotted and fully paid:		
1,000,000,000 ordinary shares of £0.01 each	<u>10,000,000</u>	<u>8,000,000</u>

The company issued and allotment of 200,000,000 ordinary shares of £0.01 each to the sole shareholder of the company, Metal One Corporation.

17. Derivative financial instruments

	2018 £	2017 £
Financial assets or liabilities carried at fair value through profit or loss (FVTPL)		
Forward foreign currency contracts gain	-	48,109
Forward foreign currency contracts loss	(47,162)	(18,324)
	<u>(47,162)</u>	<u>29,785</u>
Forward foreign currency contracts principal	<u>973,394</u>	<u>2,875,269</u>

The company uses the derivatives to hedge its exposures to changes in foreign currency exchange rates. The fair values are based on market values of equivalent instruments at the balance sheet date. The company has not used hedge accounting on the derivatives, therefore the fair values movement is accounted within Foreign Exchange (loss)/gains in the Profit and loss account.

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Notes to the financial statements (continued)

For the year ended 31 March 2018

18. Retirement benefit schemes

The company operates a defined contribution scheme. The cost for the accounting period was £93,279 (2017: £78,440). There were no outstanding contributions (2017: £nil) for the month of 31 March 2018 as at the balance sheet date.

19. Operating lease commitments

At 31 March 2018, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2018	2017
	£	£
Within one year	207,552	225,674
In the second to fifth years inclusive	825,209	899,638
After five years	719,433	1,006,355
	<u>1,752,194</u>	<u>2,131,667</u>

20. Controlling party

In the opinion of the directors, the company's ultimate parent company and ultimate controlling party is Mitsubishi Corporation, a company incorporated in Japan. This is the largest group in which the company is consolidated. The immediate parent company is Metal One Corporation, a company incorporated in Japan. This is the smallest group in which the company is consolidated.

Copies of the group consolidated financial statements of the ultimate parent company can be obtained from Mitsubishi Corporation, Department AA-F, 6-3 Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8086, Japan.

Copies of the group consolidated financial statements of the immediate parent company can be obtained from Metal One Corporation, JP Tower, 7-2, Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-7032, Japan.

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Notes to the financial statements (continued)

For the year ended 31 March 2018

21. Related party transactions

The company has taken advantage of the exemption from related party disclosures available in FRS101 paragraph 8.k, as the transactions are entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Related party transactions which do not satisfy disclosure exemption criteria above are as follows:

	Sales to related party		Amounts owed to Metal One UK Ltd	
	2018	2017	2018	2017
	£	£	£	£
Metal One America Inc. (Metal One Corporation owns 80% of Metal One Holdings America, which owns 100% of Metal One America Inc.)	88,114	-	34,619	-

Princes Industrie Alimentari SRL (Mitsubishi Corporation, ultimate parent company owns 90% of Princes Ltd, which owns 51% of Princes Industrie Alimentari SRL)	-	258,999	-	-
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	Purchases from related party		Amounts owed by Metal One UK Ltd	
	2018	2017	2018	2017
	£	£	£	£
Sojitz Corporation (Sojitz Corporation owns 40% of Metal One Corporation, which owns 100% of Metal One UK Limited)	51,537	53,344	24,953	27,572
MC Tubular Products Inc. (Metal One Corporation owns 80% of Metal One Holdings America, which owns 100% of MC Tubular Products Inc.)	848,317	-	-	-

Sales to related parties were made at the company's usual list prices. Purchases were made at market price to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

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Notes to the financial statements (continued)
For the year ended 31 March 2018

22. Post balance sheet events

There are no Post balance sheet events to be reported.