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ASD Westok Limited

Annual Report and Financial Statements

Registered Number 04486009

31 December 2019

Contents

Strategic Report

The directors present their strategic report for the year ended 31 December 2019.

Principal Activities

ASD Westok Limited is a specialist steelwork fabricator and designer of products for use in the construction industry, driving economy into the design of steel framed structures by providing an unrivalled range of cellular, shallow and plated beam solutions and software packages.

Its major products are the patented Westok Cellular Beam and USFB (Ultra Shallow Floor Beam), a unique and innovative range of floor and roof beams. Plate girders are also manufactured on our automated production line.

The business was relocated to the current modern manufacturing facility in Leeds in late 2011, and investment in capabilities has continued. The facility boasts state-of-the-art plasma-head profiling capabilities and investment in two new fabrication benches was completed in 2016, allowing ASD Westok to deliver full fabrication services. Investment in a new Saw and Drill Line was completed at the end of 2017 allowing Westok to offer a wider range of services including the processing of asymmetric cambered beams.

The company continues to develop a range of software packages which are freely available to consulting engineers to aid the design and specification process, enabling the in-house structural engineers to design, specify and integrate Westok products into project solutions for the customers.

The company is entirely independent of steel mill suppliers, steel fabrication contractors, and main/build contractors, and so is uniquely positioned to provide the most cost-effective structural steel solutions in the market. From its central location, it is able to service the whole of the UK.

The Company has always taken quality assurance seriously, and during 2014, moved to the highest level of Execution Class 4 for CE-marking purposes, and continues to be members of the Steel Construction Institute (SCI) and the British Constructional Steelwork Association (BCSA). Westok also have dual certification through the National Steel association of Ireland (NSAI) to ensure CE marking can remain in place upon completion of the current transition period.

Business review and results

The uncertainty surrounding the political and economic landscape in the year 2019 presented the UK with significant challenges. The ongoing Brexit negotiations as well as the uncertainty around the administration made it difficult to for some clients to secure investment in some sectors. Areas of growth in other regions enabled a moderate growth in some areas resulting in an improvement on the 2018 figures, with exports to the Republic of Ireland remaining strong.

In 2019 turnover increased to £18.2m (*2018: £15.7m*) and operating loss decreased to £0.6m loss (*2018: £1.5m loss*), with a strong finish in the second half of the year.

Key Performance Indicators

The following KPIs are part of the financial ratios used by the management to monitor the business performance:-

	2019	2018	**Measure**
EBITDA in % of sales	**(0.7)%**	(6.2)%	(Loss)/profit before interest, tax, depreciation and amortisation / turnover
Order book	**16K tonnes**	14K tonnes	Orders taken
Debtor days	**66 days**	76 days	Trade debtors / turnover

The statistics highlighted above form part of a comprehensive set of KPIs used throughout the business on a daily, weekly, monthly and quarterly basis.

Strategic Report *(continued)*

Principal Risks and Uncertainties

The steel sector is generally characterised as a commodity business and as such, it is highly susceptible to volatile short-term price movements and opportunistic market behaviour. Westok aims to mitigate this by minimising the length of the overall distribution chain from supplier orders to customer payments.

The most significant risk remains the uncertain market environment and over supply in Europe, which contribute to high price volatility and opportunistic market behaviour. This is in some way mitigated within the Westok business by further developing the all-encompassing offer from designs through to processing with continued development and focus on relationships with key customers.

Following the UK's exit from the EU on 31 January 2020, the UK entered a transition phase until the end of 2020, during which time all EU rules and laws continue to apply. Negotiations with the EU partners have been difficult, and if no agreement can be reached, the UK may leave the EU without a deal in place. This could have negative impacts on the UK and European economies due to increased barriers to trade.

Due to the impacts of the COVID-19 pandemic, European economies including the UK have experienced a recession in 2020. Following the lockdown at the end of March, the UK government has begun easing restrictions and businesses have begun to reopen. The economy is therefore expected to recover in the second half of the year, but the risk remains that the UK may experience a second lockdown.

The company is reliant upon funding from its ultimate parent company, Klöckner & Co SE. The company's going concern basis is dependent on Klöckner & Co SE not seeking repayment of the amounts currently due. Klöckner & Co SE has indicated its intention to continue to make available such funds as are needed by the company. Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due until at least December 2021 and therefore have prepared the financial statements on a going concern basis (see note 1).

Westok restructured the business through 2019 allowing clear focus on all items of safety, health, environment and quality and with clear robust systems in place, safety remains our highest priority. Compliance with legislation, internal policy and best practice procedures is regularly audited, monitored and reported with checks on an announced and unannounced basis including audits by the Klöckner Group Board. Investments in the use of technology have also enabled this to be embedded within the Westok culture.

The business maintains strong relationships with all its significant customers and has a well-established credit control policy. In addition, the company maintains credit insurance whereby the majority of outstanding debtors are credit insured.

Future Developments

In the second half of 2020, the UK economy is expected to continue to recover from the recession caused by COVID-19 in the second quarter. Construction and manufacturing PMIs have rebounded to above 50 since June, indicating strong increases in output and business sentiment in these sectors. The UK government remains committed to backing British Manufacturing, which requires a strong domestic steel industry, and has announced spending increases across various sectors, including on major infrastructure projects.

Following the measures taken in 2019 to improve the financial results, the Company is implementing additional operational improvements in 2020 and plans a return to profitability by 2021.

By order of the board

D Gross
Director

Valley Farm Road
Stourton
Leeds
LS10 1SD

7th October 2020

Directors' Report

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

Directors

The directors who served during the year and at the time of signing are as follows:

GC Jones	
B Salter	
D Gross	*(appointed 10th May 2019)*
ET Skarratt	*(appointed 10th May 2019)*
P Whiting	*(appointed 1st April 2019)*

Dividends and results for the year

The results for the year ended 31 December 2019 are shown in the profit and loss account. The directors do not recommend the payment of a dividend *(2018: £nil)*.

Equal Opportunities Policy

The Company is committed to supporting the principle of equal opportunities, and opposes all forms of unlawful or unfair discrimination on the grounds of colour, race, nationality, ethnic origin, sex, marital status, disability, part-time or fixed-term status, parental responsibilities, age, religion/belief or sexual orientation.

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

Auditor

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

By order of the board

D Gross
Director

Valley Farm Road
Stourton
Leeds
LS10 1SD

7th October 2020

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 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
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of ASD Westok Limited

Opinion

We have audited the financial statements of ASD Westok Limited ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss account, Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Our opinion is not modified in respect of this matter

Independent auditor's report to the members of ASD Westok Limited *(continued)*

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Independent auditor's report to the members of ASD Westok Limited *(continued)*

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

Malcolm C Harding

Malcolm Harding (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

7th October 2020

Profit and loss account
for year ended 31 December 2019

	Note	2019	2018
		£000	£000
Turnover	2	**18,218**	15,700
Cost of sales		**(10,393)**	(8,761)
Gross profit		**7,825**	6,939
Distribution costs		**(5,740)**	(6,081)
Administrative expenses	3	**(2,726)**	(2,340)
Operating loss		**(641)**	(1,482)
Other Interest Receivable and Similar Income	6	**45**	53
Loss on ordinary activities before taxation		**(596)**	(1,429)
Tax charge on profit on ordinary activities	7	**(14)**	(282)
Loss for the financial year		**(610)**	(1,711)

The results for the period relate solely to continuing activities.

The notes on pages 12 to 22 form part of the financial statements.

Statement of Other Comprehensive Income
for the year ended 31 December 2019

	2019	2018
	£000	£000
Loss for the financial period	**(610)**	(1,711)
Other comprehensive income, net of tax	**-**	-
Total comprehensive income for the financial period	**(610)**	(1,711)

The notes on page 12 to 22 form part of these financial statements.

Balance Sheet
at 31 December 2019

	Note	**2019** **£000**	**£000**	2018 £000	£000
Fixed assets					
Intangible assets	8		**-**		3
Tangible assets	9		**2,099**		2,555
			2,099		2,558
Current assets					
Stocks	10	**805**		950	
Debtors	11	**6,536**		6,363	
		7,341		7,313	
Creditors: amounts falling due within one year	12	**(4,293)**		(4,114)	
Net current assets			**3,048**		3,199
Total assets less current liabilities			**5,147**		5,757
Net assets			**5,147**		5,757
Capital and reserves					
Called up share capital	14		**320**		320
Profit and loss account			**4,827**		5,437
Shareholders' funds			**5,147**		5,757

The notes on pages 12 to 22 form part of the financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 7th October 2020 and signed on their behalf by:

David Gross

D Gross
Director

Company registered number: 4486009

Statement of Changes in Equity
for the year ended 31 December 2019

	Called up Share capital £000	Profit and loss reserve £000	Total equity £000
Balance at 1 January 2018	320	7,148	7,468
Total comprehensive income for the period			
Loss	-	(1,711)	(1,711)
Other comprehensive income	-	-	-
Total comprehensive income for the period	320	(1,711)	(1,711)
Balance at 31 December 2018	320	5,437	5,757

	Called up Share capital £000	**Profit and loss reserve £000**	**Total equity £000**
Balance at 1 January 2019	**320**	**5,437**	**5,757**
Total comprehensive income for the period			
Loss	**-**	**(610)**	**(610)**
Other comprehensive income	**-**	**-**	**-**
Total comprehensive income for the period	**320**	**(610)**	**(610)**
Balance at 31 December 2019	**320**	**4,827**	**5,147**

The notes on page 12 to 22 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

ASD Westok Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").*

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Klöckner & Co SE includes the Company in its consolidated financial statements. The consolidated financial statements of Klöckner & Co SE are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from www.kloeckner.com or: The Secretary, Valley Farm Road, Stourton, Leeds, LS10 1SD.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and, intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Klöckner & Co SE include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of Assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- The disclosures required by IFRS 7 *Financial Instrument Disclosures*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Measurement convention

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

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern

In determining whether the company's annual financial statements can be prepared on a going concern basis, the directors considered all factors likely to materially affect its future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities. These considerations included an assessment of the current trading position, which has seen a sharp rebound of the business approaching pre-COVID levels following the significant reduction in trading in the second quarter resulting from the COVID-19 lockdown.

Notwithstanding a loss for the year ended 31 December 2019 of £610,000 *(2018: loss of £1,711,000)*, the company has net current assets of £3,045,000, and the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts to 31 December 2021 which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its immediate parent company, Kloeckner Metals UK Holdings Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Kloeckner Metals UK Holdings Limited providing additional financial support during that period. Kloeckner Metals UK Holdings Limited has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due at least up to and including 31 December 2021 and therefore have prepared the financial statements on a going concern basis.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies 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 retranslated to the functional currency 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 retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Notes *(continued)*

1 Accounting policies *(continued)*

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Buildings	40 – 50 years
Plant and equipment	4 – 10 years
Fixtures and fittings	4 – 10 years

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

Intangible assets, goodwill and negative goodwill

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer Software	3 years

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Notes *(continued)*

1 Accounting policies *(continued)*

Employee benefits

Defined contribution plans

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

Turnover

Turnover represents the value of goods sold and the service provided net of value added tax. The turnover and profit before taxation is attributable to the company's principal activity.

The Company has adopted IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018).

The impact of applying the new standard is not material and as such no adjustments have been made. There is no significant judgement involved in the estimation of revenues and no material contract assets or liabilities are recognised.

The standard requires revenue earned from contracts to be recognised in line with performance obligations based on a five-step model.

The Company recognises revenue based on the stand-alone selling price of each performance obligation. The selling price is determined based on the contract agreed with the customer. On inception of the contract the performance obligation is identified for each of the distinct goods or services to be provided to the customer. The following summarises the performance obligations we have identified for our major revenue lines and provides information on the time of when they are satisfied and the related revenue recognition policy.

Revenue on sale of goods

The performance obligation in this case is the manufacture of products and the performance obligation is satisfied at the point in time that control passes to the customer. Revenue is recognised at this point, which is generally on dispatch. There has been no change to this policy under IFRS 15, as the performance obligation is satisfied on delivery of the goods.

Expenses

Operating lease payments

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

The company does not have any non-cancellable lease contracts and as such, does not recognise any lease assets or liabilities under IFRS 16, but continues to receive an intercompany recharge for its portion of the expenses.

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 or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

Notes *(continued)*

1 Accounting policies *(continued)*

***Taxation** (continued)*

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 temporary difference can be utilised

2 Turnover

The geographical analysis of turnover for sale of goods is as follows:

	2019	2018
	£000	£000
United Kingdom	**17,589**	15,119
European Union	**596**	565
Rest of World	**33**	16
	18,218	15,700

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2019	2018
	£000	£000
Depreciation of fixed assets	**518**	504
Amortisation of intangible assets	**3**	4
Amortisation of grant income	**-**	-
Intergroup rent recharges	**217**	31

Auditor's remuneration:

The auditor's remuneration of £25,000 *(2018: £25,000)* in respect of the audit of these financial statements is borne by a fellow group company.

Notes *(continued)*

4 Staff numbers and costs *(continued)*

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

	Number of employees	
	2019	2018
Average number of employees	**80**	75
	80	75

The aggregate payroll costs of these persons were as follows:

	2019	2018
	£000	£000
Wages and salaries	**3,096**	2,689
Social security costs	**323**	275
Contributions to defined contribution plans	**160**	94
	3,579	3,058

5 Directors' remuneration

	2019	2018
	£000	£000
Directors' emoluments	**90**	84

Directors' emoluments of £90,426 *(2018: £84,109)* were borne by other group companies in relation to services provided by ASD Westok Limited. In both periods all relevant directors' emoluments were paid by ASD Limited.

6 Other interest receivable and similar income

	2019	2018
	£000	£000
Interest receivable and similar income	**45**	53

Interest receivable and similar income includes income from group undertakings of £45k *(2018: £53)*.

Notes *(continued)*

7 Taxation

Recognised in the income statement

	2019 £000	2018 £000
UK corporation tax		
Current tax on income for the period	14	-
Total current tax	14	-
Deferred tax		
Origination and reversal of temporary differences	-	282
Total deferred tax	-	282
Tax on loss on ordinary activities	14	282

Reconciliation of effective tax rate

	2019 £000	2018 £000
Loss for the year	(610)	(1,711)
Total tax charge	14	282
R&D expenditure credits	(42)	-
Loss excluding taxation	(638)	(1,429)
Tax using the UK corporation tax rate of 19.00% *(2018: 19.00%)*	(121)	(271)
Fixed asset differences	5	4
Non-deductible expenses	-	1
Chargeable gains	462	-
Changes in tax rates	(35)	(4)
Movement in deferred tax not recognised	(297)	554
Other timing differences	-	(2)
Total tax charge	14	282

Finance Act No.2 2015 included provisions to reduce corporation tax to 19% (effective from 1 April 2017) and Finance Act 2016 introduced a further reduction of corporation tax to 17% (effective 1 April 2020). This will reduce the company's future current tax charge accordingly.

Accordingly, these rates have been applied when calculating deferred tax assets and liabilities as at 31 December 2019.

Notes *(continued)*

8 Intangible assets

	Goodwill £000	Computer Software £000	Total £000
Cost			
Balance at 1 January 2019	227	367	594
Balance at 31 December 2019	227	367	594
Amortisation and impairment			
Balance at 1 January 2019	227	364	591
Amortisation for the year	-	3	3
Balance at 31 December 2019	227	367	594
Net book value			
At 1 January 2019	**-**	**3**	**3**
At 31 December 2019	**-**	**-**	**-**

Amortisation and impairment charge

The amortisation and impairment charge is recognised in the following line items in the income statement:

	2019 £000	2018 £000
Distribution expenses	**3**	5

Notes *(continued)*

9 Tangible fixed assets

	Freehold Land and buildings £000	Plant and equipment £000	Fixtures & fittings £000	Total £000
Cost				
Balance at 1 January 2019	178	5,278	48	5,504
Additions	-	58	4	62
Balance at 31 December 2019	178	5,336	52	5,566
Depreciation and impairment				
Balance at 1 January 2019	29	2,883	37	2,949
Depreciation charge for the year	3	512	3	518
Balance at 31 December 2019	32	3,395	40	3,467
Net book value				
At 1 January 2019	**150**	**2,395**	**10**	**2,555**
At 31 December 2019	**146**	**1,941**	**12**	**2,099**

10 Stocks

	2019 £000	2018 £000
Raw materials	**805**	950
	805	950

11 Debtors

	2019 £000	2018 £000
Trade debtors	**3,902**	3,891
Amounts owed by group undertakings	**2,568**	2,381
Corporation tax assets	**28**	-
Prepayments and accrued income	**38**	91
	6,536	6,363

Amounts owed by group undertakings are interest free and repayable on demand.

Notes *(continued)*

12 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	**2,707**	3,093
Amounts owed to group undertakings	**1,156**	713
Taxation and social security	**307**	86
Other creditors	**123**	222
	4,293	4,114

Amounts owed by group undertakings are interest free and repayable on demand.

13 Employee benefits

Defined contribution pension plans

The Company operates two defined contribution pension plans.

The total expense relating to these plans in the current year was £160k *(2018: £94k)*.

14 Share Capital

Share capital

	2019 No. of shares 000's	2018 No. of shares 000's
On issue at 1 January 2019	**320**	320
On issue at 31 December 2019 – fully paid	**320**	320

	2019 £000	2018 £000
Allotted, called up and fully paid		
320,000 ordinary shares of £1 each	**320**	320
	320	320

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 Commitments

Capital commitments

There were no outstanding capital commitments at the year ended 31 December 2019 *(2018: £nil)*

16 Contingencies

There are no contingencies at 31 December 2019 (*2018: £nil*).

Notes *(continued)*

17 Ultimate parent company and parent company of larger group

The largest group in which the results of the Company are consolidated is that headed by Klöckner & Co SE, incorporated in Germany. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from: The Secretary, Valley Farm Road, Stourton, Leeds, LS10 1SD.

18 Subsequent events

Due to the impacts of the COVID-19 pandemic, European economies including the UK have experienced a recession in 2020. Following the lockdown at the end of March, the UK government has begun easing restrictions and businesses have begun to reopen. The economy is therefore expected to recover in the second half of the year, but the risk remains that the UK may experience a second lockdown.