

Company Registration No. 00400080 (England and Wales)

**ArcelorMittal Commercial UK Ltd**  
**Annual Report and Financial Statements**

**For the Year Ended 31 December 2016**

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# ArcelorMittal Commercial UK Ltd

## Directors

R Eshelby  
A De Jong  
J Dyer  
S Ward-Jones

## Secretary

K Reading

## Company number

00400080

## Registered office

Fore 2  
Huskisson Way  
Shirley  
Solihull  
West Midlands  
B90 4SS

## Auditors

Deloitte LLP  
Statutory Auditor  
Four Brindleyplace  
Birmingham  
B1 2HZ  
United Kingdom

## Bankers

Barclays Bank plc  
Queens Square  
Wolverhampton  
WV1 1DS

BNP Paribas Bank  
10 Harewood Avenue  
London  
NW1 6AA

ArcelorMittal Treasury SNC  
Immeuble Le Cézanne  
6 rue André Campra  
F-93212 La Plaine Saint-Denis Cedex

# ArcelorMittal Commercial UK Ltd

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# ArcelorMittal Commercial UK Ltd

## Strategic report

The directors present the strategic report and financial statements for the year ended 31 December 2016.

### Review of the business

The UK economy continued to grow in 2016. Demand for steel therefore remained good but despite this some volatility in prices meant the increased demand was not reflected in margins which remained suppressed.

Continued volatility in Pounds sterling v Euro exchange rates, particularly after the EU referendum in June 2016, also impacted our steel prices which in turn has kept pressure on our margins. Nevertheless, budgeted volume targets were largely met during the year producing a satisfactory result given market conditions.

### Principal Risks and Uncertainties

#### Competitive pressure

Competitive pressure is a continuing risk for the company. To manage this risk the Company strives to provide added value products and services to its customers, prompt response times in the supply of products and services and in handling of customer queries through the maintenance of strong continuing relationships with customers.

#### Interest Rate Risk

The ArcelorMittal group operates a treasury function and overdrafts are intra group. The Company is exposed to fair value interest rate risk on its borrowing. The company continually manages this risk to reduce the company's exposure in this area.

#### Liquidity Risk

The company manages its cash and borrowing requirements in order to minimise interest expense whilst ensuring the company has sufficient liquid resources to meet its day to day business and operating needs.

#### Credit Risk

Customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed regularly and provision is made for doubtful debts where necessary.

#### Price Risk

The company's business may be affected by fluctuations in the price and supply of steel, although purchasing policies and practices seek to mitigate, where practicable, such risks.

#### Defined benefit pension obligations

Funding of the Defined Benefit Pension schemes remain a priority with funding levels reviewed on an ongoing basis. The group fully supports such funding requirements.

#### Environment

ArcelorMittal Commercial UK Ltd recognise the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to mitigate any adverse impact that might be caused by its activities.

# ArcelorMittal Commercial UK Ltd

## Strategic report (continued)

### Key performance indicators (KPI)

The company's management use a number of key measures to monitor and manage the performance of the business. The performance of each client's contract is reviewed in terms of turnover and profitability with particular attention to gross profit percentage and comparison to previous performance, budget and targets. The key performance indicators are sales, gross profit, and profit before tax, Full time equivalent (FTE) or staffing levels and especially accident levels. The results are summarised below:

	2016 £	2015 £
Turnover:	£256,318,951	£51,723,235
Steel Sales	£250,546,140	£47,427,430
Services	£5,772,811	£4,295,805
Gross Profit	£10,956,129	£5,660,968
Pre-tax profit (loss)	£3,169,093	£670,485
FTE	54	52
No of Accidents	Nil	Nil

On 1 October 2015, the company merged its Long Product business with its Flat Product business. At the same time, the company changed its business model from that of primarily an Agency providing a Service to its Parent and other Group companies to that of Buyer /Reseller invoicing customers directly

This change has now been rolled out for all Flat industry customers but for Long Products this process is still in progress. It is envisaged that Long Products will also become Buyer /Reseller model during 2017.

Consequently, during this transition, it is difficult to analyse KPI quantitatively due to the significant changes taking place in the company's business model, hence we have not made any analysis other than to draw attention to the KPI's monitored. Once the change in business model is completed, expected by the end of 2017, the Company will make further comment on its KPI performance.

# ArcelorMittal Commercial UK Ltd

## Strategic report (continued)

### Future outlook

There are a number of factors that have influenced the company's performance. Whilst there has been an improvement in demand for our products as the economy has shown signs of recovery, there has also been a trend of weakening of the pound against euro especially since Brexit.

We have seen improvement in our prices following stabilisation of exchange rate against euro during 2016.

The challenging economic and commercial environment is expected to continue in the coming year especially in view of the continuing economic slowdown in China.

Health and Safety remains our top priority, as it does for the ArcelorMittal Group. Our stock activities are undertaken with our OHSAS18001 accreditation.

On behalf of the Board



R Eshelby  
Director

# **ArcelorMittal Commercial UK Ltd**

## **Directors' report**

The directors present their annual report and audited financial statements for the year ended 31 December 2016.

### **Principal activities and review of the business**

The principal activity of the company for the year was acting as Buyer/Reseller of Flat and Long Steel Products of the ArcelorMittal Group. In addition, the company also continued to act as a service provider for the sale of steel produced by other ArcelorMittal Group companies. As stated in the company's 2015 annual report, effective from 1 October 2015 the activities, assets and liabilities of fellow group company ArcelorMittal FCE UK Ltd were transferred to ArcelorMittal Commercial UK Ltd, which has issued shares to the shareholders of ArcelorMittal FCE UK Ltd in exchange for the value of net assets transferred. ArcelorMittal FCE UK Ltd had acted solely as Agent working on Cost Plus remuneration.

The Directors consider the result for the year to be satisfactory and in line with expectations.

### **Results and dividends**

The results for the year are set out on page 11.

The directors do not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: £nil).

### **Future developments**

The directors anticipate that the Agency segments of the Long Products business will follow Flat Industry products to become Buyer/Reseller in 2017. The Sections and Merchant Bar business has moved to Buyer/Reseller status from February 2017.

### **Other**

We have no R&D activity, have made no Political contributions and there are no Directors Indemnities.

### **Going concern**

The directors have considered the financial position and future prospects of the Company. The directors consider that the company has access to sufficient resources to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### **Directors**

The following directors have held office since 1 January 2016 and to the date of this report:

R Eshelby

A De Jong

J Dyer

S Ward-Jones

# ArcelorMittal Commercial UK Ltd

## Directors' report (continued)

### Creditor payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies e available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

### Auditor

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

- So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken as a director in order to make themselves 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 were appointed as auditor in the current period.

In accordance with the Company's Articles, a resolution proposing that Deloitte LLP be appointed as auditor of the company will be put at a General Meeting.

On behalf of the board



R Eshelby  
Director



# ArcelorMittal Commercial UK Ltd

## 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.

## **Independent auditor's report to the members of ArcelorMittal Commercial UK Ltd**

We have audited the financial statements of ArcelorMittal Commercial UK Ltd for the year ended 31 December 2016, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 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), including FRS 101 "Reduced Disclosure Framework".

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.

### **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. Our 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 us 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 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, we read all the financial and non-financial information in the annual 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit 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 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 and the Directors' Report.

## **Independent auditor's report to the members of ArcelorMittal Commercial UK Ltd**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Peter Gallimore, FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

*28 September 2017*

# ArcelorMittal Commercial UK Ltd

## Profit and loss account

For the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Turnover</b>	3	256,318,951	51,723,235
Cost of Sales		<u>(245,362,822)</u>	<u>(46,062,267)</u>
<b>Gross Profit</b>		10,956,129	5,660,968
Administrative Expenses		<u>(8,170,881)</u>	<u>(4,794,548)</u>
<b>Operating profit</b>	4	2,785,248	866,420
Other interest receivable and similar income	5	141,962	36,109
Interest payable and similar charges	6	(484,860)	(11,715)
Other finance income/(cost)	7	<u>726,743</u>	<u>(220,329)</u>
<b>Profit on ordinary activities before taxation</b>		3,169,093	670,485
Charge/(credit) on profit on ordinary activities	8	<u>(703,908)</u>	<u>30,589</u>
<b>Profit for the year</b>	18	<u>2,465,185</u>	<u>701,074</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# ArcelorMittal Commercial UK Ltd

## Statement of comprehensive income

For the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Profit for the financial year</b>		2,465,185	701,074
Re-measurement (loss)/gain on pension schemes	16	(4,672,000)	1,070,000
Movement on deferred tax relating to pension asset and liability balances	15	840,960	(192,600)
Total other comprehensive Income		<u>(3,831,040)</u>	<u>877,400</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><u>(1,365,855)</u></u>	<u><u>1,578,474</u></u>

# ArcelorMittal Commercial UK Ltd

## Balance sheet

As at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	9	1,528,680	1,711,916
<b>Current assets</b>			
Stock	10	13,077,617	10,972,201
Debtors:			
amounts falling due within one year	11	51,047,219	21,312,306
amounts falling due after one year	12	1,976,044	1,815,336
Cash at bank and in hand		575,296	1,366,900
		<u>66,676,176</u>	<u>35,466,743</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(61,988,671)</u>	<u>(34,160,619)</u>
<b>Net current assets</b>		<u>2,711,461</u>	<u>(509,212)</u>
<b>Total assets less current liabilities</b>		<u>6,216,185</u>	<u>3,018,040</u>
<b>Creditors: amounts falling due after more than one year</b>	14, 16	<u>(6,707,000)</u>	<u>(2,893,000)</u>
<b>Net assets</b>		<u>(490,815)</u>	<u>125,040</u>
<b>Capital and reserves</b>			
Called up share capital	17	2,212,882	1,462,882
Profit and loss account	18	<u>(2,703,697)</u>	<u>(1,337,842)</u>
<b>Shareholders' funds - equity interests</b>		<u>(490,815)</u>	<u>125,040</u>

Approved by the Board and authorised for issue on 28<sup>th</sup> SEPTEMBER 2017

R. Eshelby  
Director

Company Registration No. 00400080

# ArcelorMittal Commercial UK Ltd

## Statement of changes in equity

For the year ended 31 December 2016

	Note	Called up share capital £	Profit and loss account £	Total £
<b>Balance at 1 January 2015</b>	<b>17</b>	1,462,882	(2,916,316)	(1,453,434)
Profit for the year		-	701,074	701,074
Other comprehensive income for the year		-	877,400	877,400
<b>Total comprehensive expense for the year</b>		<b>-</b>	<b>1,578,474</b>	<b>1,578,474</b>
<b>Balance at 31 December 2015</b>		<b>1,462,882</b>	<b>(1,337,842)</b>	<b>125,040</b>
Issue of share capital	17	750,000	-	750,000
Profit for the year		-	2,465,185	2,465,185
Other comprehensive income for the year		-	(3,831,040)	(3,831,040)
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>(1,365,855)</b>	<b>(1,365,855)</b>
<b>Balance at 31 December 2016</b>	<b>17</b>	<b>2,212,882</b>	<b>(2,703,697)</b>	<b>(490,815)</b>

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements

For the year ended 31 December 2016

### 1. General information

ArcelorMittal Commercial UK Ltd (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006. It is a Private Company, limited by Shares. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' report on pages 6 to 7.

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

These financial statements are separate financial statements. Details of the Company's ultimate parent undertaking is as set out in note 23.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015.

### Adoption of new and revised Standards

#### *Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year*

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

<i>Annual Improvements to IFRSs 2012-2014 Cycle</i>	<p>The Company has adopted the amendments to IFRSs included in the <i>Annual Improvements to IFRSs 2012-2014 Cycle</i> for the first time in the current year.</p> <p>The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.</p> <p>The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.</p> <p>The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.</p> <p>The adoption of these amendments has had no effect on the Company's financial statements.</p>
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# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### *New and revised IFRSs in issue but not yet effective*

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU:

IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
IFRS 16	<i>Leases</i>
IFRS 2 (amendments)	<i>Classification and Measurement of Share-based Payment Transactions</i>
IAS 7 (amendments)	<i>Disclosure Initiative</i>
IAS 12 (amendments)	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
IFRS 10 and IAS 28 (amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below:

- IFRS 15 may have an impact on revenue recognition and related disclosures; and
- IFRS 16 may have impact on the reported assets, liabilities and income statement. Furthermore, extensive disclosures will be required by IFRS 16.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

## 2. Significant accounting policies

### Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) 'Reduced Disclosure Framework' issued by the Financial Reporting Council. 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, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

The principal accounting policies adopted are set out below.

### Going concern

The company has considerable financial resources because it is supported by the ultimate parent undertaking ArcelorMittal SA. The directors have no reason to believe that ArcelorMittal SA will not continue to support the company's operations. The directors have a reasonable expectation that the company and the ArcelorMittal group have adequate resources to continue in operational existence in the foreseeable future.

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 2. Significant accounting policies (continued)

#### Revenue recognition

Revenue 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 discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

#### Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

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 that are denominated in foreign currencies are retranslated 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 in which they arise.

#### Financial Costs

Interest received is accrued on a time basis by reference to the principal outstanding and the effective interest applicable

Interest expense is expensed as incurred. Interest expense relates solely to Group Treasury recharge of the costs of financing the Company

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 2. Significant accounting policies (continued)

#### Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

The Company also operated three defined benefit contributory pension schemes. The assets of the schemes were held separately to those of the company. Pension schemes' assets were measured using market values. Pension schemes' liabilities were measured by projecting the expected benefit payment using the chosen assumptions and discounted the resulting cash flow back to the review date in accordance with IAS 19 Employee Benefits (Revised 2011).

The pension schemes' deficit was recognised in full. The movement in the scheme deficit was split between operating charges, finance items and other comprehensive income.

#### Taxation

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

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### Deferred tax

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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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.

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### Stock

Stocks are valued at the lower of cost and net realisable value. Stocks consist of Sheet Piling, Sections, Merchant Bars and Wire Rod which are held in a number of locations. Stock values are regularly reviewed.

#### Tangible fixed assets

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost less their residual values over their useful lives as follows:

Rental Assets	write down to net realisable value on acquisition
Computer equipment	25% straight line
Fixtures, fittings & equipment	25% reducing balance/straight-line over the term of the lease remaining for additions relating to Fore 2 Huskisson Way
Plant and machinery	25% straight line

The method of depreciating the rental pool asset is one of depreciating cost less estimated realisable value immediately on acquisition. The directors are of the opinion that this method best represent the use of the assets in the company's trade.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

### 2. 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.

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), 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.

### Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue from the rendering of services set out in IAS 18 Revenue and, in particular, whether the company has provided and the service and earned right to the agreed remuneration.

### Key sources of estimation uncertainty

The 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, are discussed below.

### Valuation of pension liabilities

The company operates three defined benefit pension schemes and the directors were required to set a number of actuarial assumptions in order to perform the valuation of the schemes' liabilities as at year end. Due to the nature of such assumptions and the significant level of sensitivity of the schemes' liabilities to them, the directors, at each reporting date, engaged qualified actuaries to assist with determining these and performing valuation in accordance with IAS 19.

## 3. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### Analysis of Turnover:

	2016	2015
	£	£
Sale of goods	250,546,140	47,427,430
Rendering of services	5,772,811	4,295,805
	<b>256,318,951</b>	<b>51,723,235</b>

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 4. Profit for the financial year

Profit for the year has been arrived at after charging/(crediting):	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible assets	172,551	126,509
Loss on disposal of tangible assets	142,660	161,240
Profit on foreign exchange transactions	(730,742)	134,329
Operating lease rentals		
- Plant and machinery	185,425	108,097
- Other assets	152,512	223,736
<b>Auditors' remuneration</b>		
Fees Payable to the company's auditor for the audit of the company's annual accounts	75,000	74,929
Non-audit fee - tax services	1,717	3,819

### 5. Other interest receivable and similar income

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Bank interest	136,625	36,109
Other income	5,337	-
	<b>141,962</b>	<b>36,109</b>

### 6. Interest payable and similar charges

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
On amounts payable to group companies	484,860	11,715
	<b>484,860</b>	<b>11,715</b>

### 7. Other Finance Income

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Foreign currency exchange revaluation income/(loss)	726,743	(147,329)
Other Finance costs	-	(73,000)
	<b>726,743</b>	<b>(220,329)</b>

During the year, as noted the Company's Strategic Report, the company's business model changed to that of buyer/reseller and turnover increased significantly. Significant currency fluctuations were incurred due to exchange rate movements during the year.

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 8. Taxation

	2016 £	2015 £
UK corporate tax	428,260	-
Total current tax	428,260	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	276,252	91,557
Effect of changes in tax rates	(604)	(122,146)
Total deferred tax	275,648	(30,589)
<b>Total Tax on profit on ordinary activities</b>	<b>703,908</b>	<b>(30,589)</b>

### Factors affecting the tax charge for the year

Profit on ordinary activities before taxation	3,169,093	670,485
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2015: 20.25%)	633,819	135,773
<b>Effect of:</b>		
Non-deductible expenses	53,557	15,661
Other – tax relating to merged entity	17,136	-
Effect of changes in tax rates	(604)	(122,146)
Tax losses utilised	-	(59,877)
	70,089	(166,362)
<b>Tax charge for the year</b>	<b>703,908</b>	<b>(30,589)</b>

The company has estimated losses of £Nil (2015: £1,352,631) available for carry forward against future trading profits.

The deferred tax charge includes £759,240 (2015: £120,850) in respect of IAS 19 pension cost timing differences. The deferred tax on these pension cost timing differences is netted off against the pension scheme asset or liability.

The Chancellor, in the Summer Budget on 16 March 2016, announced reductions in the main rate of corporation tax for UK companies. The main rate of corporation tax remains at 20% for the financial year commencing 1 April 2016, however there will be a further reduction to 19% with effect from 1 April 2017, and to 17% from 1 April 2020. The deferred tax assets and liabilities at the balance sheet date are calculated taking account of the forecast impact of the reduction of the corporation tax rate from 20%, to the previously substantively enacted rate of 18%.

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 9. Tangible fixed assets

	<b>Rental Assets</b>	<b>Computer equipment</b>	<b>Fixtures, Fittings &amp; equipment</b>	<b>Plant and machinery</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>					
At 1 January 2016	1,674,721	57,031	252,805	2,904	1,987,461
Additions	783,332	5,270	210	-	788,812
Disposals	(918,271)	(10,570)	(82)	-	(928,923)
At 31 December 2016	1,539,782	51,731	252,933	2,904	1,847,350
<b>Depreciation</b>					
At 1 January 2016	171,762	38,754	62,680	2,348	275,544
On disposals	(118,946)	(10,396)	(82)		(129,424)
Charge for the year	126,447	13,374	31,791	938	172,550
At 31 December 2016	179,263	41,732	94,389	3,286	318,670
<b>Net book value</b>					
At 31 December 2016	1,360,519	9,999	158,544	(382)	1,528,680
At 31 December 2015	1,502,959	18,276	190,125	556	1,711,916

### 10. Stock

	<b>2016 £</b>	<b>2015 £</b>
Finished goods and goods for resale	13,077,617	10,972,201

### 11. Debtors

	<b>2016 £</b>	<b>2015 £</b>
<b>Amounts due within one year:</b>		
Trade debtors	18,305,032	10,975,515
Amounts owed by parent and fellow subsidiary undertakings	32,489,300	9,666,230
Prepayments and accrued income	221,097	654,288
Other debtors	31,790	16,273
	<b>51,047,219</b>	<b>21,312,306</b>



# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 12. Debtors: Amounts due after one year

	2016 £	2015 £
Deferred tax asset (note 15)	1,083,044	518,336
Pension asset (note 16)	893,000	1,297,000
	<u>1,976,044</u>	<u>1,815,336</u>

### 13. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	3,848,158	1,030,061
Amounts owed to parent and fellow subsidiary undertakings	31,415,228	19,895,671
Corporation tax	422,210	-
Other taxes and social security costs	9,571,585	3,790,711
Other creditors	15,480,333	7,620,628
Accruals and deferred income	1,251,157	1,823,248
	<u>61,988,671</u>	<u>34,160,619</u>

Other creditors includes £15,462,284 due to factor agent in respect of amounts received against factored trade debtors before year end (2015: £7,620,628).

### 14. Creditors: amounts falling due after one year

	2016 £	2015 £
<b>Amounts due after one year:</b>		
Pension liability (note 16)	6,707,000	2,893,000
	<u>6,707,000</u>	<u>2,893,000</u>

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 15. Deferred tax

The following are the major deferred tax liabilities and (assets) recognised by the Company and movements thereon during the current and prior reporting period

	Other timing differences (Note 11) £	Pension asset (Note 12) £	Pension liability (Note 12) £	Total £
At 1 January 2015	(69,000)	(388,000)	-	(457,000)
Transfer from the fellow group undertaking	(10,617)	(385,770)	173,040	(223,347)
(Credit)/charge to profit or loss	(151,439)	112,990	7,860	(30,589)
Charge to other comprehensive income	-	140,040	52,560	192,600
At 1 January 2016	(231,056)	(520,740)	233,460	(518,336)
Transfer from the fellow group undertaking	-	-	-	-
Charge/(credit) to profit or loss	194,532	261,180	(179,460)	276,252
(Credit)/charge to other comprehensive income	-	(947,700)	106,740	(840,960)
At 31 December 2016	(36,524)	(1,207,260)	160,740	(1,084,044)

### 16. Retirement benefit schemes

#### Defined contribution

	2016 £	2015 £
Contributions payable by the company for the year	159,107	80,072

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### Defined benefit

#### Trade Arbed Pension Scheme

The company operates a funded defined benefit pension scheme however the scheme is a multi-employer scheme. The scheme has two participating employers each of whom are members of the ArcelorMittal Group: ArcelorMittal Commercial UK Limited and ArcelorMittal Distribution Solutions UK Limited.

The method used by the actuary to produce an IAS 19 actuarial valuation is to prepare an updated actuarial valuation based on the actuarial valuation carried out for the trustees of the scheme by Aviva at 1 May 2012. The actuarial valuation has been rolled forward to 31 December 2016 using IAS 19 assumptions. The value of the scheme's assets have been arrived at by adjusting the surrender value of the assets shown in the actuarial valuation at 1 May 2012 in line with returns on market indices over the period from 1 May 2012 to 31 December 2016. The actuary has also estimated the allocation of the Scheme deficit between the employers. The current service cost of the accrual of the benefits is calculated using the projected unit method.

	2016 %	2015 %
The main financial assumptions by the actuary were:		
Rate of increase in salaries	2.4	2.2
Pension escalation	3.4	3.1
Discount rate	2.6	3.7
Inflation assumption (RPI)	3.4	3.1
Revaluation in deferment	2.4	2.1

Discretionary benefits:	No allowance has been made for discretionary benefits.
Tax free cash:	50% of members are assumed to take one quarter of pension as tax free cash.
Asset value:	Fair value of with-profits fund.
Expenses:	Deducted from the return in assets.
Mortality after retirement:	PCA00 tables with CMI projections, with a long-term rate of improvement of 2.0% pa.

### Sensitivity Analysis

Adjustment to Assumptions:	Plus 0.5%	Minus 0.5%
Discount Rate	(£2,020,000)	£2,360,000
Inflation	£1,060,000	(£1,000,000)
Salary Increase	£510,000	(£490,000)
Life Expectancy (+/- 1 year)	£620,000	(£610,000)

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 16. Retirement benefit schemes (continued)

The assets of the scheme do not include any investment in the shares of the company. The fair value of the Scheme's assets does not include any property investment that is occupied by the company.

The major categories of assets as a percentage of total assets are:

	2016 %	2015 %
Equities	52	55
Gilts and Bonds	37	37
Cash and other	11	8
	<hr/> 100	<hr/> 100

	2016 £	2015 £
Fair value of assets	10,380,000	9,064,000
Present value of funded obligations	(16,228,000)	(11,567,000)
Deficit in the scheme	(5,848,000)	(2,503,000)
Related deferred tax asset (notes 11 and 15)	<hr/> 1,052,640	<hr/> 450,540
Net pension liability	(4,795,360)	(2,052,460)

#### Analysis of the amount recognised in the profit and loss over the year:

	2016 £	2015 £
Current service cost	209,000	239,000
Interest pension liabilities	426,000	393,000
Interest on pension assets	<hr/> (340,000)	<hr/> (294,000)
	295,000	338,000

#### Analysis of amount recognised in the statement of comprehensive income:

	2016 £	2015 £
Re-measurement (loss)/gain	<hr/> (3,393,000)	<hr/> 547,000
Total	(3,393,000)	547,000

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 16. Retirement benefit schemes (continued)

#### Movement in deficit during the year:

	2016 £	2015 £
Deficit in scheme at 1 January	(2,503,000)	(1,940,000)
Transfer from the group undertaking	-	(1,063,000)
Current service cost	(209,000)	(239,000)
Contributions made	364,000	291,000
Other finance costs	(86,000)	(99,000)
Re-measurement (loss)/gain	(3,393,000)	547,000
Administration Costs	(21,000)	-
Deficit in scheme at 31 December	(5,848,000)	(2,503,000)

#### Reconciliation of assets and defined benefit obligation:

	2016 £	2015 £
The change in assets over the period was:		
<b>Fair value of assets at the beginning of the period</b>	9,064,000	5,910,000
Transfer from the group undertaking	-	2,676,000
Interest on pension assets	340,000	294,000
Employer contributions	364,000	291,000
Contributions by scheme participants	42,000	15,000
Benefits paid	(139,000)	(94,000)
Administration costs	(21,000)	-
Re-measurement gain/(loss)	730,000	(28,000)
<b>Fair value of assets at the end of the period</b>	10,380,000	9,064,000

	2016 £	2015 £
The change in defined benefit obligation over the period was:		
<b>Defined benefit obligation at the beginning of the period</b>	11,567,000	7,850,000
Transfer from the group undertaking	-	3,739,000
Current service cost	209,000	239,000
Contributions by scheme participants	42,000	15,000
Interest on pension liabilities	426,000	393,000
Benefits paid	(139,000)	(94,000)
Re-measurement loss/(gain)	4,123,000	(575,000)
<b>Defined benefit obligation at the end of the period</b>	16,228,000	11,567,000

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 16. Retirement benefit schemes (continued)

#### ArcelorMittal Commercial UK Ltd Pension Scheme

The IAS 19 results have been based on the actuarial valuation prepared on 30 June 2012 which has been rolled forward to 31 December 2016 using IAS 19 assumptions.

	2016 %	2015 %
The major assumptions used by the actuary were:		
Discount rate for liabilities	2.6	3.7
Price inflation	3.4	3.1
Rate of increase in salaries	3.4	3.1
Revaluation in deferment	3.4	3.1

Discretionary benefits:	No allowance has been made for discretionary benefits.
Tax free cash:	No allowance has been made for members to take tax free cash.
Asset value:	Surrender value
Expenses:	An allowance is made in the current service cost.
Mortality after retirement:	PNA00 tables with CMI projections with a long-term rate of improvement of 1.5% pa.

#### Sensitivity Analysis

Adjustment to Assumptions:	Plus 0.5%	Minus 0.5%
Discount Rate	(£400,000)	£460,000
Inflation	£80,000	(£80,000)
Life Expectancy	£150,000	(£140,000)

The assets of the Scheme do not include any investments in the shares of the company.

The major categories of assets as a percentage of total assets are:

	2016 %	2015 %
Equities	46	46
Property	15	17
Gilts and Bonds	27	30
Cash and other	12	7
	<hr/> 100	<hr/> 100

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 16. Retirement benefit schemes (continued)

	2016 £	2015 £
<b>Value of assets</b>		
Fair value of assets	3,642,000	3,043,000
Present value of funded obligations	(4,501,000)	(3,433,000)
Scheme deficit	(859,000)	(390,000)
Related deferred tax asset recognised (notes 11 and 15)	154,620	70,200
<b>Net pension liability</b>	<b>(704,380)</b>	<b>(319,800)</b>

### Analysis of the amount recognised in the profit and loss over the year

	2016 £	2015 £
Current service cost	54,000	57,000
Interest on pension liabilities	127,000	118,000
Interest on pension assets	(118,000)	(96,000)
<b>Total</b>	<b>63,000</b>	<b>79,000</b>

### Analysis of amount recognised in the statement of comprehensive income:

	2016 £	2015 £
The return on plan assets (excluding amounts included in net interest expense)	195,000	13,000
Re-measurement of net pension liability	(881,000)	218,000
<b>Total</b>	<b>686,000</b>	<b>231,000</b>

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 16. Retirement benefit schemes (continued)

#### Movement in deficit during the year:

	2016 £	2015 £
Deficit in scheme at 1 January	(390,000)	-
Transfer from the fellow group undertaking	-	(774,000)
Current service cost	(54,000)	(57,000)
Contributions made	287,000	232,000
Other finance costs	(9,000)	(22,000)
Re-measurement (loss)/gain	(686,000)	231,000
Administration costs	(7,000)	-
Deficit in scheme at 31 December	(859,000)	(390,000)

#### Reconciliation of assets and defined benefit obligation:

	2016 £	2015 £
The change in assets over the period was:		
Fair value of assets at the beginning of the period	3,043,000	-
Transfer from the fellow group undertaking	-	2,696,000
Interest on pension assets	118,000	96,000
Employer contributions	287,000	232,000
Contributions by scheme participants	6,000	6,000
Re-measurement gain	195,000	13,000
Administration Costs	(7,000)	-
Fair value of assets at the end of the period	3,642,000	3,043,000

#### The change in defined benefit obligation over the period was:

	2016 £	2015 £
Defined benefit obligation at the beginning of the period	3,433,000	-
Transfer from the fellow group undertaking	-	3,470,000
Current service cost	54,000	57,000
Contributions by scheme participants	6,000	6,000
Interest on pension liabilities	127,000	118,000
Re-measurement gain	881,000	(218,000)
Defined benefit obligation at the end of the period	4,501,000	3,433,000



# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 16. Retirement benefit schemes (continued)

	2016 £	2015 £
<b>Value of assets</b>		
Fair value of assets	3,642,000	3,043,000
Present value of funded obligations	(4,501,000)	(3,433,000)
 Scheme deficit	 (859,000)	 (390,000)
Related deferred tax asset recognised (notes 11 and 15)	154,620	70,200
	<hr/>	<hr/>
Net pension liability	(704,380)	(319,800)

### Analysis of the amount recognised in the profit and loss over the year

	2016 £	2015 £
Current service cost	54,000	57,000
Interest on pension liabilities	127,000	118,000
Interest on pension assets	(118,000)	(96,000)
	<hr/>	<hr/>
Total	63,000	79,000

### Analysis of amount recognised in the statement of comprehensive income:

	2016 £	2015 £
The return on plan assets (excluding amounts included in net interest expense)	195,000	13,000
Re-measurement of net pension liability	(881,000)	218,000
	<hr/>	<hr/>
Total	686,000	231,000

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 16. Retirement benefit schemes (continued)

#### Movement in deficit during the year:

	2016 £	2015 £
Deficit in scheme at 1 January	(390,000)	-
Transfer from the fellow group undertaking	-	(774,000)
Current service cost	(54,000)	(57,000)
Contributions made	287,000	232,000
Other finance costs	(9,000)	(22,000)
Re-measurement (loss)/gain	(686,000)	231,000
Administration costs	(7,000)	-
Deficit in scheme at 31 December	(859,000)	(390,000)

#### Reconciliation of assets and defined benefit obligation:

	2016 £	2015 £
The change in assets over the period was:		
Fair value of assets at the beginning of the period	3,043,000	-
Transfer from the fellow group undertaking	-	2,696,000
Interest on pension assets	118,000	96,000
Employer contributions	287,000	232,000
Contributions by scheme participants	6,000	6,000
Re-measurement gain	195,000	13,000
Administration Costs	(7,000)	-
Fair value of assets at the end of the period	3,642,000	3,043,000

#### The change in defined benefit obligation over the period was:

	2016 £	2015 £
Defined benefit obligation at the beginning of the period	3,433,000	-
Transfer from the fellow group undertaking	-	3,470,000
Current service cost	54,000	57,000
Contributions by scheme participants	6,000	6,000
Interest on pension liabilities	127,000	118,000
Re-measurement gain	881,000	(218,000)
Defined benefit obligation at the end of the period	4,501,000	3,433,000

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 16. Retirement benefit schemes (continued)

#### ArcelorMittal Commercial UK Ltd Pension and Assurance Scheme

The IAS 19 results have been based on results of the actuarial valuation by Legal & General as at 1 April 2014 rolled forward to 31 December 2016 by a qualified actuary using IAS 19 assumptions.

	2016	2015
	%	%
The major assumptions used by the actuary were:		
Discount rate for liabilities	2.6	3.7
Price inflation	3.4	3.1
Rate of increase in salaries	3.4	3.1
Revaluation in deferment	3.4	3.1

Discretionary benefits: No allowance has been made for discretionary benefits.

Tax free cash: No allowance has been made for members to take tax free cash.

Asset value: Bid value plus the balance held in the Scheme's bank account.

Expenses: Expected rate of return assumed to be net of investment manager expenses.

Mortality after retirement: SAPS (S1NA) mortality tables and CMI 2013 projections with a long term rate of improvement of 1.5% pa for males and 1% pa for females.

#### Sensitivity Analysis

Adjustment to Assumptions:	Plus 0.5%	Minus 0.5%
Discount Rate	(£820,000)	£950,000
Inflation	£660,000	(£600,000)
Salary increase	£190,000	(£180,000)
Life Expectancy	£270,000	(£260,000)

The assets do not include any investments in the shares of the company. The assets do not include any property investment that is occupied by the company.

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 16. Retirement benefit schemes (continued)

The major categories of assets as a percentage of total assets are:

	2016	2015
Value of assets	£	£
Fair value of assets	7,705,000	7,041,000
Asset not recognised due to limit on recognisable surplus	(555,000)	(1,081,000)
<b>Present value of funded obligations</b>	<b>(6,257,000)</b>	<b>(4,663,000)</b>
 Scheme surplus	 893,000	 1,297,000
Related deferred tax liability recognised (notes 11 and 15)	(160,740)	(233,460)
 <b>Net pension asset</b>	 <b>732,260</b>	 <b>1,063,540</b>

	2016	2015
	%	%
Gilts and bonds	100	100
	100	100

Analysis of the amount recognised in the profit and loss over the year	2016	2015
	£	£
Current service cost	49,000	76,000
Interest on pension liabilities	162,000	204,000
Interest on pension assets	(253,000)	(252,000)
<b>Total</b>	<b>(42,000)</b>	<b>28,000</b>

#### Analysis of amount recognised in the statement of comprehensive income:

	2016	2015
	£	£
The return on plan assets (excluding amounts included in net interest expense)	843,000	(250,000)
Re-measurement of net pension asset	(1,962,000)	1,147,000
Effect of limit on recognisable surplus	526,000	(605,000)
<b>Total</b>	<b>(593,000)</b>	<b>292,000</b>

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 16. Retirement benefit schemes (continued)

#### Movement in surplus during the year:

	2016 £	2015 £
Surplus in scheme at 1 January	1,297,000	-
Transfer from the fellow group undertaking	-	842,000
Current service cost	(49,000)	(76,000)
Other finance income	91,000	48,000
Re-measurement (loss)/gain	(593,000)	292,000
Contributions made	147,000	191,000
Surplus in scheme at 31 December	893,000	1,297,000

#### Reconciliation of assets and defined benefit obligation:

The change in assets over the period was:

	2016 £	2015 £
Fair value of assets at the beginning of the period	7,041,000	-
Transfer from the fellow group undertaking	-	7,774,000
Interest on pension assets	253,000	252,000
Employer contributions	147,000	191,000
Contributions by scheme participants	8,000	9,000
Benefits paid	(587,000)	(935,000)
Re-measurement loss	843,000	(250,000)
Fair value of assets at the end of the period	7,705,000	7,041,000
Asset not recognised due to limit on recognisable surplus	(555,000)	(1,081,000)
	7,150,000	5,960,000

#### The change in defined benefit obligation over the period was:

	2016 £	2015 £
Defined benefit obligation at the beginning of the period	4,663,000	-
Transfer from the fellow group undertaking	-	6,456,000
Current service cost	49,000	76,000
Contributions by scheme participants	8,000	9,000
Interest cost on pension liabilities	162,000	204,000
Benefits paid	(587,000)	(935,000)
Re-measurement gain	1,962,000	(1,147,000)
Defined benefit obligation at the end of the period	6,257,000	4,663,000

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 16. Retirement benefit schemes (continued)

#### Summary of movement in surplus (deficits)

	TradeArbed UK Ltd Scheme £	Steelinter UK Ltd Scheme £	Sollac UK Ltd Scheme £	Total £
(Deficit)/surplus in scheme at 1 January 2016	(2,503,000)	(390,000)	1,297,000	(1,596,000)
Transfer from the fellow group undertaking	-	-	-	-
Current service cost	(209,000)	(54,000)	(49,000)	(312,000)
Other finance (costs)/income	(86,000)	(9,000)	91,000	(4,000)
Re-measurement loss	(3,393,000)	(686,000)	(593,000)	(4,672,000)
Contributions made	364,000	287,000	147,000	798,000
Administrative costs	(21,000)	(7,000)	-	(28,000)
(Deficit)/surplus in scheme at 31 December 2016	(5,848,000)	(859,000)	893,000	(5,814,000)
Related deferred tax recognised (notes 11 and 15)	1,052,640	154,620	(160,740)	1,046,520
<b>Net pension (liability)/asset</b>	<b>(4,795,360)</b>	<b>(704,380)</b>	<b>732,260</b>	<b>(4,767,480)</b>
(Deficit)/surplus in scheme at 1 January 2015	(1,940,000)	-	-	(1,940,000)
Transfer from the fellow group undertaking	(1,063,000)	(774,000)	842,000	(995,000)
Current service cost	(239,000)	(57,000)	(76,000)	(372,000)
Other finance (costs)/income	(99,000)	(22,000)	48,000	(73,000)
Re-measurement gain	547,000	231,000	292,000	1,070,000
Contributions made	291,000	232,000	191,000	714,000
(Deficit)/surplus in scheme at 31 December 2015	(2,503,000)	(390,000)	1,297,000	(1,596,000)
Related deferred tax recognised (notes 11 and 15)	450,540	70,200	(233,460)	287,280
<b>Net pension (liability)/asset</b>	<b>(2,052,460)</b>	<b>(319,800)</b>	<b>1,063,540</b>	<b>(1,308,720)</b>

#### Combined scheme five year summary

	2016 £	2015 £
Fair value of scheme assets	21,727,000	19,148,000
Limit on recognisable surplus	(555,000)	(1,081,000)
Present value of scheme liabilities	(26,986,000)	(19,663,000)
Surplus deficit	(5,814,000)	(1,596,000)
Related deferred tax asset recognised (notes 11 and 15)	1,046,520	287,280
	<b>(4,767,480)</b>	<b>(1,308,720)</b>

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 16. Retirement benefit schemes (continued)

Contributions made are inclusive of the following deficit reduction contributions:

	2016	2015
	£	£
TradeArbed UK Limited Scheme	92,000	189,000
Steelinter UK Limited Scheme	225,000	173,000
Sollac UK Limited Scheme	200,000	136,000
	<u>517,000</u>	<u>498,000</u>

The employer expects to contribute the following amounts to the Scheme's during the year to 31 December 2017:

	2016	2015
	£	£
TradeArbed UK Limited Scheme	182,000	331,000
Steelinter UK Limited Scheme	173,000	230,000
Sollac UK Limited Scheme	-	78,000
	<u>848,000</u>	<u>639,000</u>

### 17. Called up share capital

	2016	2015
	£	£
Allotted, called up and fully paid		
1,462,882 Ordinary of £1 each	1,462,882	1,462,882
Share capital issued 11 March 2016	<u>750,000</u>	<u>-</u>
	<b>2,212,882</b>	<b>1,462,882</b>

The company issued an additional 750,000 £1 ordinary shares to ArcelorMittal Flat Carbon Europe SA in settlement of the net assets transferred from ArcelorMittal FCE UK Ltd on 30 September 2015. The 750,000 shares were issued at par on 11 March 2016.

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 18. Profit and loss account

	£
Balance at 1 January 2015	(2,916,316)
Profit for the year	701,074
Other comprehensive income for the year	877,400
	<hr/>
<b>Balance at 1 January 2016</b>	<b>(1,337,842)</b>
Profit for the year	2,767,975
Other comprehensive income for the year	(3,831,040)
	<hr/>
<b>Balance at 31 December 2016</b>	<b>(2,400,907)</b>

### 19. Financial commitments

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
	2016 £	2015 £	2016 £	2015 £
Operating leases with expire:				
Within one year	229,724	-	143,833	10,116
Between two and five years	918,896	-	207,910	68,118
In over five years	172,293	1,146,991	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>1,320,913</b>	<b>1,146,991</b>	<b>351,564</b>	<b>78,234</b>

Included within commitments for land and buildings are the rentals for the company offices in Solihull. These are the only significant leasing arrangements made by the Company.

### 20. Capital commitments

There were no capital commitments at 31 December 2016 (2015: £ Nil).



# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 21. Related party transactions

#### Trading transactions

The company has taken advantage of the exemption available in FRS 101 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

The directors' remuneration, analysed under the headings required by Company law is set out below.

	2016 £	2015 £
Directors' remuneration		
Emoluments	474,497	292,532
Company contributions to defined benefit schemes	99,804	63,696
	<hr/> 574,301	<hr/> 356,228

	2016 Number	2015 Number
The number of directors who:		
Are members of a defined benefit pension scheme	4	2

	£	£
Remuneration of the highest paid director:		
Emoluments	146,612	138,390

The highest paid director is a member of the Company's defined benefit pension scheme and had accrued entitlements of £80,666 pa under the scheme at the end of the year. There is no accrued lump sum.

### 22. Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

2016 Number	2015 Number
51	39

#### Employment costs

	2016 £	2015 £
Wages and salaries	2,538,176	2,243,576
Social security costs	339,277	237,234
Other pension costs	534,999	94,143
	<hr/> 3,412,052	<hr/> 2,574,953

# ArcelorMittal Commercial UK Ltd

## Notes to the financial statements (continued)

For the year ended 31 December 2016

### 23. Control

The company's ultimate parent undertaking and controlling party is ArcelorMittal S.A. which is incorporated in Luxembourg. This is the largest Group preparing Group Accounts of which the Company is a member.

The parent undertaking of the smallest group of which the company is a member is ArcelorMittal Commercial RPS SARL, incorporated in Luxembourg

Group Accounts are available on-line and at the address of the ultimate parent company, which is 24-26 boulevard d'Avranches L-1160 Luxembourg, Grand Duchy of Luxembourg.